

2ND ANNUAL PROGRESS REPORT AND SCORECARD



GOVERNOR'S STEERING COMMITTEE ON
MAINE'S NATURAL RESOURCE-BASED
INDUSTRY

November 2005

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SUBMITTED TO
GOVERNOR JOHN E. BALDACCI
NOVEMBER 2005

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Cover photos supplied by Maine Office of Tourism and Maine
Forest Service

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PROGRESS REPORT

MAINE'S NATURAL RESOURCE INDUSTRY

INTRODUCTION

It has been two years since participants gathered at the Blaine House Conference on Maine's Natural Resource-based Industry in Augusta on November 17, 2003.

This report is intended to update Governor John E. Baldacci on the significant accomplishments of 2005 and to give an account of progress on implementing the 75 recommendations that came out of that conference, in accordance with Executive Order #5 FY04, dated February 9, 2004.

The agriculture, fishing, aquaculture, forestry, and outdoor recreation businesses that make up Maine's natural resource industry are part and parcel of Maine's heritage and culture. They are vital to the economies of our rural communities, and they are today threatened by development sprawl, global competition, and fragile resources. The goal of the Baldacci Administration is to unite these natural resource sectors in common cause and to place them on the track of sustainable development.

In November 2003 over 700 people gathered at the Augusta Civic Center to discuss ways to strengthen the five sectors that make up Maine's natural resource industry. Participants met with counterparts from their sector and with those of other sectors. They developed 31 recommendations to address issues of shared concern and 44 recommendations specific to the five individual sectors. The resulting conference report may be viewed on-line at: <http://www.state.me.us/spo/natural/gov/confreport.php>.

The greatest lasting impact of the conference is the recognition that the individual natural resource sectors share common issues and concerns, and that they, in fact, make up one industry, rather than five separate industries. Together, sector representatives can more effectively address issues and amass political, financial, and market clout. The conference and the resulting efforts have provided a unique opportunity to strengthen the ties among the sectors and to develop joint courses of action.

In February 2003, Governor Baldacci created a permanent steering committee to oversee and monitor progress in the implementation of the cross-cutting and sectoral recommendations. One of the most important functions of the Steering Committee is to identify the concerns and issues shared by the sectors and to work together toward solutions. In 2004, the Steering Committee set five priorities toward which it encourages public and private efforts be directed. They are:

1. Preserve the natural resource base;
2. Strengthen the demand and capacity for local food;
3. Build the capacity of hospitality and recreation business entrepreneurs;
4. Market Maine products and services coherently; and
5. Enhance the competitiveness of Maine businesses.

During 2003 and 2004, state agencies, in combination with private sector interests, made great strides in implementing the conference recommendations. In 2004, we reported that progress had been made on almost 90% of the recommendations, with good progress on 25%; some progress on 63%; and no progress on 12% of the recommendations. At that time, processes had been set in motion to produce future tangible results.

Key accomplishments reported in 2004 include:

- Development of indicators to track the health and well-being of the industry;
- Proposals for bond funds to address many of the initiatives recommended by the conference participants;
- Creation of a task force, co-chaired by First Lady Karen Baldacci, to recommend ways to support local agriculture;
- Adoption of a vision and guiding principles to support Maine's aquaculture businesses and implementation of a number of the Aquaculture Task Force's recommendations;
- Creation of the Governor's Council on the Sustainability of the Forest Products Industry in Maine and the initiation of a comprehensive study of the future of Maine's forest economy;
- Establishment of the Maine Forest Certification Advisory Committee to make recommendations for achieving the Governor's goal of certifying 10 million acres of Maine forest land;
- Proposals for additional academic and educational offerings for the tourism industry and for a research and outreach center to aid with tourism development; and
- Initiation of pilot projects in three areas to assess the potential for growing nature-based tourism in Maine.

We will see that many of these projects that were just getting underway in 2004 have borne fruit in 2005.

Nevertheless, the Steering Committee's work is not done. There are bright spots –in sustainable forest management, in nature tourism, in local agriculture, and in continuing healthy lobster catches; but the industry continues to struggle with loss to development of access to land and water, high energy costs, national and international competition, the threat of disease or drought, and even the natural tendency of industry and state agencies alike to remain in their sector silos. Work must continue to implement the conference recommendations; to bring the sectors together for efficiency and effectiveness; and to build sustainable opportunities for the people who earn their livings in this industry.

STEERING COMMITTEE

Following the Blaine House Conference, Governor John E. Baldacci appointed a permanent steering committee to track progress on meeting the conference goals.

The Steering Committee comprises representatives from the private sector, government, and academia from each of the five sectors: agriculture, forestry, aquaculture, fishing, and tourism/outdoor recreation. Appendix A provides a list of the committee members.

The committee's duties are to:

1. Oversee and monitor progress of the implementation of the recommendations in the conference report, and issue an annual report in November on progress toward meeting the goals identified in the conference report;
2. Create and implement a sustainable indicators and benchmarking system to track the vitality of Maine's natural resource-based industry, and issue a biennial report in November to the people of Maine on progress measured by the system;
3. Organize and conduct forums, as appropriate, for discussion and development of the proposals set forth in the conference report;
4. Undertake planning for a second Blaine House conference;
5. Develop a clear, comprehensive, and balanced policy for Maine's natural resource-based industry and set goals to move the State toward implementation of this policy;
6. Carry out other such responsibilities as the Governor may assign it, to ensure the vitality of Maine's natural resource-based industry.

The Steering Committee met three times during 2005 and has continued to monitor departmental efforts to implement the conference recommendations.

Noteworthy Accomplishments in 2005

1. Electronic Newsletter

The Steering Committee published an electronic newsletter to keep conference participants informed of the committee's work and of progress on the recommendations. During 2005, the committee published three issues of their newsletter: spring, summer, and fall. Appendix B contains copies of the newsletters.

2. Legislative Proposals

The Steering Committee tracked and supported legislative proposals that benefited our nature-based industry, including bonds for the Land for Maine's Future Program, the Working Waterfront Access Pilot Program, and the Agricultural Water Source Development Program, which will shortly be decided by voters in referendum. Appendix C provides a list of legislation supported by the Steering Committee.

3. Issues Forums

The Steering Committee hosted three forums to explore issues that cut across the sectors' boundaries, including the future of Maine's forest economy, marketing and branding our natural resource sectors and products, and Maine's nature tourism initiative.

Public and industry interests were invited to the forums; each hosting about 75 participants. Governor Baldacci participated in all three meetings. Appendix D contains copies of the agendas for each forum.

A. The Future of Maine's Forest Economy

The Steering Committee held a day-long forum on March 25, 2005, to hear the report and recommendations from the Maine Future Forestry Economy Project, the most comprehensive, in-depth analysis of the Maine forest products sector ever undertaken. The project was initiated by the Maine Department of Conservation with support from the Maine Technology Institute. It was conducted by Innovative Natural Resource Solutions, Inc. (INRS), with assistance from a 12-member advisory committee and a variety of industry experts. The INRS report offers 19 recommendations and a roadmap for both the forest industry and state government going forward.

B. Marketing Maine: Where do we go From Here?

The Steering Committee held a forum on June 13, 2005, to identify what might be Maine's "next level" of marketing for the farming, fishing, forestry, aquaculture, and tourism/outdoor recreation sectors, and what is needed to get there. The meeting fostered a dialogue about what each individual sector does now for marketing and about opportunities to work together more effectively.

C. Growing Rural Economies through Nature-based Tourism

The Steering Committee met on September 13, 2005, to hear the report and recommendations on Maine's Nature Tourism Initiative. The project was undertaken by the Maine Department of Economic and Community Development with support from the Maine Tourism Commission. It was conducted by FERMATA, Inc., with the assistance of tourism officials and operators in three pilot regions: the Western Maine Mountains, the Highlands, and Downeast. The Steering Committee reviewed the recommendations to grow nature-based tourism in Maine and facilitated a cross-sector discussion of the recommendations.

Following each meeting, the Steering Committee advised Governor Baldacci on what needed to be done to move forward. Appendix E includes copies of the Steering Committee's recommendations to the Governor.

CROSS-CUTTING ISSUES

Thirty-one of the conference recommendations span the individual natural resource sectors and address issues that are common to the industry as a whole. The Steering Committee set five priorities among the cross-cutting issues. They are: 1) preserve the natural resource base; 2) strengthen the demand and capacity for local food; 3) build the capacity of hospitality and recreation business entrepreneurs; 4) market Maine products and services coherently; and 5) enhance the competitiveness of Maine businesses.

Noteworthy Accomplishments in 2005

1. **Preserve Access to the Resource Base.** The single greatest threat to Maine's natural resource-based industry is the loss of access to land and water on which it relies. Rising land values along the coast have put tremendous pressure on working waterfronts, making it difficult for fishing businesses to get to the water. The real estate value of an acre of farmland is many times the level of income generated from farming, causing a loss of farmland to development. Sprawling patterns of development in southern Maine have fragmented forest lands, making them more difficult to harvest profitably.¹ Development along the coast and inland lakes has limited access to recreational waters; and lands for outdoor recreation are also being lost to building and development.
- ✓ **Land Bond:** A significant accomplishment with roots in the 2003 Blaine House Conference on Maine's Natural Resource-based Industry is support for bond funds to protect land and water resources used by tourism, fishing, farming, and forestry businesses. In November 2005, voters approved a \$12 million bond for the Land for Maine's Future Program that includes \$2 million for a new Working Waterfront Access Pilot Program. The Land for Maine's Future bond will provide funding for the acquisition of land and interest in land to preserve working farm and forest lands, public water access, outdoor recreation areas, wildlife and fish habitat, and conservation lands. The working waterfront funds will provide grants to assist commercial fishermen retain strategically significant working waterfront properties.
- ✓ **Current Use Taxation:** This fall, voters also enacted a constitutional amendment to allow waterfront land used for commercial fishing activities to be assessed based on the land's current use, rather than on its potential value as developed property. Current use taxation is already allowed for farms, open space, and forest land, and now for commercial waterfront property.
- ✓ **Strengthen Downtowns:** The Baldacci Administration has several initiatives aimed at strengthening our service center communities and downtown areas with the goal of preventing development sprawl to outlying rural areas, which frequently results in the loss of the land and resources used by Maine's natural resource industry. These initiatives include providing grants to municipalities to regionalize the delivery of local services, directing resources to the Maine Downtown Center, and targeting transportation investments in ways that support access to the natural resource base. In addition, voters

¹ Maine's Natural Resource-based Industry: *Indicators of Health*, November 2004, pp 14-15

supported the Governor's bond proposal for \$1 million for the New Century Community Program to invest in capital improvements improving cultural assets, including libraries, museums, historical buildings, theaters and arts facilities.

2. **Market Maine Products and Services Coherently.** Maine's image –inseparably linked with its natural resources and its sense of place –is a potent tool for marketing. Whether it is green lumber, farm fresh food products, or hiking Downeast, Maine's clean, green, worry-free appeal is universal. Currently, natural resource industry marketing efforts are conducted independently by sector. Increased collaboration may be able to boost Maine's presence in the marketplace. At the same time, small producers and businesses could benefit from a coordinated marketing effort.
 - ✓ Multi-agency/Multi-partner Integrated Marketing: An enormous opportunity exists under the auspices of the Maine Nature-based Tourism Initiative. The Steering Committee has long recognized that Maine's natural resource industry is the backbone of nature tourism in the state. Whether it's eating a freshly-caught lobster, enjoying pastoral views, or hiking, hunting, or fishing on the private forestlands; fishermen, foresters, and farmers are the primary stewards of the natural landscape that tourists like to visit. The Department of Economic and Community Development's contractor, FERMATA, Inc., a nationally known firm specializing in fostering nature tourism, completed a year-long assessment of nature-based tourism opportunities in three pilot areas in Maine. The FERMATA study concluded that authentic, locally-manufactured products and foods are often poorly branded and marketed and are at times are hard to find. Their study reinforces the Steering Committee's goal of more effectively branding and marketing its natural resource-based products and services and offers some recommendations. Work is expected to progress over the next 2-3 years to implement the recommendations contained in the FERMATA report, which will strengthen the marketing success of Maine's natural resource industry.
3. **Strengthen the Demand and Capacity for Local Food Products.** Maine households, restaurants, and institutions offer a huge potential market for Maine-produced, food products, fish, and seafood. For agricultural goods and services alone, increasing local purchases from 4% to 10% annually would generate \$180 million in product sales for Maine farmers.
 - ✓ Local Agriculture Development: The Local Agriculture Task Force, which was convened to look at ways to grow local agriculture, offered 33 recommendations in December 2004. The task force identified factors that limit success of local agriculture and provided suggested policies and programs to support and sustain local agriculture. The Department of Agriculture has begun to implement some of these recommendations; particularly looking at advocating use of nutritious, locally-grown foods in local institutions (schools, state offices, correctional facilities).
 - ✓ Maine Menus Month: October has become *Maine Menus Month*; a joint effort between the Department of Agriculture and the Maine Restaurant Association to promote Maine raised, grown, and harvested foods and the restaurants that feature them. It garners interest and excitement and raises awareness of the importance of buying local food. Local seafood, which is featured on most menus, is a big part of this event.
 - ✓ Food Policy Working Group: The Commissioner of the Department of Agriculture has convened a working group to review statutory provisions and to examine emerging issues

related to food policy. The group includes representation from the capture fisheries and aquaculture industries. The intent is to develop food policies that support locally-produced food, which are critical to Maine's food security and rural economy.

4. Build the Capacity of Hospitality and Recreation Business Entrepreneurs.

Commercial tourism is not one industry, but rather a diverse mix of entrepreneurs that provide goods and services to tourists. They range from motels and sporting camps to whale watching tours and Maine guides, to gas stations and variety stores. A lack of time and access to training and education programs and limited research capacity pose barriers to growing tourism-related businesses.

- ✓ Center for Tourism Research and Outreach: In July 2005, the University of Maine and the University of Southern Maine jointly launched the Center for Tourism Research and Outreach (CENTRO); whose mission is to be a key source for research and education to increase the competitiveness of and the market share captured by Maine's tourism businesses. The center will:
 - research new and existing products, services, and markets;
 - integrate arts and cultural amenities with natural amenities as high quality tourist attractions in Maine;
 - enhance academic programs to improve the management and service skills of tourism employers and employees, and thus increase the wages and job opportunities for those employed in the tourism industry;
 - train a new generation of entrepreneurs, managers, and skilled employees to develop businesses that focus on quality service and take advantage of underutilized tourism assets in Maine;
 - encourage the development of new tourist destinations, products, and services;
 - help communities improve the economic contribution of tourism in all regions of the state;
 - develop new and improved information sources and reports for the industry and the state to better inform and guide planning and business development; and
 - develop a consensus within government and industry on key programmatic and strategic steps to enhance the role of tourism in Maine's economy.²
 - ✓ Tourism Training Initiative: The Maine Community College System received \$50,000 in FY06 and \$100,000 in FY07 to provide tourism training and education. Tourism business representatives are being consulted to determine the types of training and education programs to be developed.
- 5. Enhance the Competitiveness of Maine Businesses.** The biggest challenge to growing our natural resource-based industry is to control costs. Maine industries compare disadvantageously with their competitors in taxes, health care costs, workers' compensation costs, and transportation costs. To create "world class" business services, we must address these issues that affect our ability to compete.
- ✓ Dirigo Health Reform Act: In 2003, the Legislature enacted a comprehensive approach to containing the rate of growth of health care while expanding access to health insurance and

² Daniel, Harold Dr., CENTRO Presentation to the Governor's Steering Committee on Maine's Natural Resource-based Industry, September 13, 2005.

health care services to more Mainers. This fall, the Maine Bureau of Insurance found that the combined effect of Dirigo health reform initiatives, so far, has been able to reduce health care cost growth in Maine to a level \$44 million lower than it would have been in the absence of Dirigo reforms.³

- ✓ Workers' Compensation Reforms: Since reforms were enacted in 1993, workers' compensation premiums have decreased significantly. Maine has gone from one of the costliest states in the nation to one that is at the national average for costs for cash, medical, and total benefits. In order to maintain this trend, Governor Baldacci worked with labor, management, and the Legislature to formulate LD 1909. The legislation (P.L. 2003, c. 608) will help avoid gridlock, promote efficiency, and maintain positive momentum.⁴
- ✓ Property Tax Reform: Historic legislation, which was enacted by the 122nd Legislature in the form of Public Law 2005, c. 2, commonly referred to as LD 1, offers immediate property tax reduction. It reduces the tax burden for all Maine residents, especially those who need help the most; it improves our business climate; and it respects local decision-making. It imposes spending caps on all levels of government and provides property tax relief programs for qualified homeowners. It sets a goal of reducing Maine's state and local tax burden to the middle one-third of all states by 2015.
- ✓ Personal Property Tax on Business Equipment and Machinery: In 2004, the Governor proposed prospective repeal of the personal property tax on business equipment and machinery (LD 1923 did not pass). In 2005, the Governor proposed the repeal again in LD 1660. That bill has been held over to the 2nd Regular Session of the 122nd Legislature.
- ✓ Improved Business Climate: Recent statistics released by the Department of Economic and Community Development point to an improved business climate in Maine. According to the Milken Institute's 2005 *Cost of Doing Business Index*, Maine advanced its position to the 31st least expensive state in which to do business, improved from its ranking of 34th in 2004. Milken further reports that Maine offers the lowest cost of doing business in the Northeast. Maine is one of ten states to receive an overall "A" in the Corporation for Enterprise Development's 2005 *Assets and Opportunities Scorecard* for financial security, business development, tax policy, education, healthcare, and home ownership. Portland and Lewiston-Auburn are two of the top US cities for doing business, based on *Inc.* magazine's 2005 rankings. Lastly, the new Pine Tree Zone program, an aggressive tax incentive package structured to bring new business to Maine, is creating nearly 3,000 jobs to date.⁵
- ✓ Transportation: The Maine Port Authority is working with private industry to identify more economical transportation options to move goods between Maine and other US and foreign locations. The advent of short sea shipping, sometimes referred to as the blue highway, provides unique opportunities to move goods between Maine and points along the eastern seaboard. Sea shipping helps reduce highway congestion which, in turn, will decrease pavement wear, increase air quality, and reduce costs for shippers. Some of the goods that could be moved this way would be transloaded at other ports for export, while other products would be distributed into local markets in the major metropolitan areas of the east coast.

³ Governor Hails Superintendent's Ruling Showing Dirigo Savings, Press Release, October 29, 2005

⁴ Dionne, Paul, Executive Director, Maine Workers' Compensation Board

⁵ Maine Department of Economic and Community Development, Fact Sheet: Maine: Competitive, Innovative, Growing, September 2005.

AGRICULTURE

Seven conference recommendations addressed four areas of concern to the agricultural community. These include: 1) developing sustainable agricultural water supplies, 2) protecting farmland, 3) developing local agriculture, and 4) enhancing commodity agriculture cost competitiveness.

Noteworthy Accomplishments in 2005

1. **Water Source Development.** Inadequate or untimely availability of water remains the number one risk to all farms, causing \$15 million of losses in a bad year. Between 2000-2003, over one-third of crop losses in Maine resulted from lack of water. In addition, Maine farmers are losing access to historical water supplies. In the past farmers pumped water directly from streams to provide irrigation water sources. Today, regulations and demands for water for other uses limit farmers' abilities to use these waters.⁶ Lack of access to water sources deteriorates Maine agriculture's competitive position.
 - ✓ Sustainable Water Source Development Program: In November 2005, voters favored a \$1.0 million bond to fund the Water Source Development Grant Program. These funds will assist farmers in the planning and construction of new water sources for irrigation.
 - ✓ Agriculture Water Advisory Committee: The Department of Agriculture's Water Advisory Committee is helping with water source issues. The committee developed recommendations on how to deal with low flow issues and provided it to the Department of Environmental Protection. DEP is charged with drafting rules for withdrawal limits on rivers and ponds. The Maine Geological Survey has started a similar process for groundwater withdrawals. The committee also helped the department develop an irrigation guide for farmers.
2. **Local Agriculture Development.** Local agriculture development represents the best opportunity for maintaining existing farms and for enticing new ones by increasing the farmer's share of the food dollar. Local agriculture needs to be recognized as an important component of Maine agriculture and receive appropriate program and policy support.
 - ✓ Local Agriculture Development: The Local Agriculture Task Force, which was convened to look at ways to grow local agriculture, offered 33 recommendations in December 2004. The task force comprised practitioners representing small and mid-scale operations across Maine, including growers, retailers, food processors, and wholesalers and was co-chaired by the First Lady Karen Baldacci. The task force identified factors that limit success of local agriculture and provided suggested policies and programs to support and sustain local agriculture, including:
 - valuing agriculture as an industry that contributes to the Maine economy;
 - developing adequate infrastructure;
 - educating consumers about locally-grown food;
 - adding value to local products;
 - saving viable local farms into the future;

⁶ Smith, Stewart, Maine Agriculture: A Natural Resource-based Industry Constantly Adapting to Change, University of Maine, October 2003.

- improving financing options for local ag-businesses;
- managing cost of production; and
- managing labor costs.

The Department of Agriculture has begun to implement some of these recommendations; particularly looking at advocating use of nutritious, locally-grown foods in local institutions (schools, state offices, correctional facilities).

- ✓ Coordination of Purchases of Maine Foodstuffs: The 122nd Legislature enacted LD 216 supporting local agriculture development. It directed the Department of Agriculture, Food and Rural Resources to appoint a food purchasing coordinator to assist with connecting state and school purchasers with Maine food producers; to establish an advisory committee to examine ways to expand purchases of local foodstuffs by Maine state government; to work with the Department of Health and Human Services to purchase of Maine food products at local farmers' markets for the nutritionally at-risk groups that they serve; and to convene a food policy working group to develop recommendations to promote locally-produced food. The group includes representation from the capture fisheries and aquaculture industries. The intent is to develop food policies that support locally-produced food, which are critical to Maine's food security and rural economy.
- ✓ Ongoing Programs: The Department of Agriculture, Food and Rural Resources continues several very effective programs to promote locally-raised food including the public education campaign, *Get Real! Get Maine!*; the *Maine Menus Month* (a collaborative effort with the Maine Restaurant Association that promotes Maine raised, grown, and harvested foods, and the restaurants that feature local food on their menus); and an on-line, searchable database of farm stands, farmers' markets, and pick-your-own farms.

AQUACULTURE AND FISHERIES

Sixteen conference recommendations addressed five areas of concern to the fishing and aquaculture community. These include: 1) creating the best possible outcomes for Maine fishermen from Amendment 13, 2) developing a coordinated, ecosystem approach to fisheries management, 3) supporting working waterfronts, 4) supporting cold water marine research; and 5) sending a strong clear message of support for aquaculture.

Noteworthy Accomplishments in 2005

1. **Create Best Outcomes from Amendment 13.** Amendment 13 to the federal *Multispecies (Groundfish) Fisheries Management Plan* was implemented on May 1, 2004. Amendment 13 substantially increases restrictions by cutting the number of days-at-sea by up to 40%. Both the groundfish fleet and the shoreside industry are experiencing negative financial impacts from these regulations. From 1982 to 1994, landings declined by 64%, and since 1994, landings have declined another 28%. They reached their lowest point in 1999, and have begun to recover slowly. Federal and state fisheries experts project that, over the course of the next 15 years, fish populations will recover to the point where Maine's landings will again grow.⁷
 - ✓ **Groundfish Stocks:** Maine representatives on the New England Fisheries Management Council, led by the Commissioner of the Department of Marine Resources, continue to work to ensure a strong groundfish industry in Maine. A large part of that effort is to manage fishing effort in order to rebuild the various stocks, which is at least a 10-year process. The Council continues to explore new management measures to allow the industry to target those stocks that are further along in their rebuilding.
2. **Support Working Waterfronts.** There are nearly 40,000 jobs and more than \$740 million in income dependent on 25 miles of working waterfront (less than 1% of the state's coastline). Currently 12 of the large commercial fishing wharfs are on the market and access to the fishing waters is shrinking daily. Fishermen need access to the water and the businesses that support them (boat builders, boat yards, marinas, ice suppliers, wharves, and warehouses) need to be located on the waterfront.
 - ✓ **Working Waterfront Access Pilot Program:** In November 2005, voters approved bond funds to support working waterfronts. \$2 million will be available in the form of grants for fishermen or fishing cooperatives to help them retain strategically significant working waterfront properties. The funds will bridge the gap between what fishermen can reasonably finance and what the market currently asks for working waterfront properties. The funds are part of a \$12 million Land for Maine's Future bond and will be administered by the Land for Maine's Future Board.
 - ✓ **Current Use Taxation:** Voters also enacted a constitutional amendment to allow waterfront land used for commercial fishing activities to be assessed based on the land's current use,

⁷ Maine's Natural Resource-based Industry: *Indicators of Health*, November 2004, p. 34

rather than on its potential value as developed property. Current use taxation is already allowed for farms, open space, and forest land, and now for commercial waterfront property.

- ✓ Small Harbor Improvement Program: Voters also approved a \$1.5 million bond for the Small Harbor Improvement Program that supports the commercial fishing and tourism segments of the natural resource economy by providing a 50% funding for development of a wide variety of coastal public access/infrastructure projects.
3. **Support Cold Water Marine Research.** Maine has strong historical, cultural, and economic ties to the ocean based on centuries of tradition surrounding the sea. In order to sustain those rich traditions and build upon them for the future of the industry and our state's economy, we must make investments that position Maine as a global leader in the ocean-based economy. Our 5,500 miles of coastline have enormous potential to increase valuable scientific knowledge, attract new businesses, and expand on tourism-related opportunities – resulting in the creation of new jobs. Research and development will help us better understand how to best utilize and protect this vital resource.⁸
- ✓ Marine Infrastructure and Technology Fund: The jobs and economic development bond (Question 4) voted in on November 8, 2005 contains \$4 million earmarked for marine industry investments. Most monies will go to the Marine Infrastructure and Technology Fund administered by the Maine Technology Institute for competitive capital infrastructure grants to nonprofit marine research laboratories, institutions, and state governmental and quasi-governmental agencies. These funds will not only help strengthen our fishing industry by helping to understand the ecology of the resources, but by employing fishing vessels in research projects, they will help grow the research sector as an industry itself.
 - ✓ Cold Water Marine Research: Maine is positioned to become a leader in cold water marine research. The Gulf of Maine Research Institute, an international center for marine research and education, opened its doors in October 2005. A combination of federal and state monies has converged to expand and strengthen the research/academic side of aquaculture at facilities at the University of Maine including the Maine Institute for Cold Water Aquaculture in Orono and the National Agriculture Research Service and the Center for Cooperative Aquaculture Research (CCAR) in Franklin, ME. These facilities will support aquaculture research and development in Maine and nationally. Two companies at the CCAR incubator facility have received state support (R&D grants) from the Marine Infrastructure and Technology Fund previously approved by voters.
4. **Support Aquaculture.** Aquaculture has great potential for growth, but it remains controversial and symptomatic of increasing conflicts over coastal uses. Today's conflicts reflect the changing social and economic fabric of the Maine coast, primarily the increase in second home development and people retiring to the Maine coast. Many retirees and vacationers choose Maine because of its rugged beauty and recreational opportunities. This creates the potential for conflict between the growing sector of new residents of coastal communities whose livelihood may not be tied to the coastal economy and those residents

⁸ Baldacci, Governor John. Press remarks, Governor Leads Rally for Bonds that Advance Maine's Marine Economy, September 8, 2005

and business owners whose livelihoods depend on commercial use of Maine's marine resources.⁹

- ✓ Bay Management Study: The Maine Coastal Program at the State Planning Office and the departments of Marine Resources and Environmental Protection are conducting a bay management study to determine how to balance recreational and economic uses of Maine's coastal waters. A bay management steering committee, which comprises eight members of the public with various expertises in coastal issues, provides overall guidance and direction to the study. A project aim is to build trust and create dialogue with stakeholders who are often suspicious of the intent of regulatory agencies. In the winter and spring of 2005, the steering committee held a series of public meetings in communities along the coast to gather information on existing uses and conflicts, as well as to learn what is working and not working with regard to marine governance. Two pilot projects have been launched; one in Muscongus Bay, near Friendship, ME, and one in Taunton Bay near Hancock, ME, which will explore community-based management approaches, in which communities participate in making and implementing coastal policies. Recommendations will be provided to the Legislature in January 2007 on new ways of governing Maine's coastal waters to reduce conflicts between users.

⁹ Governor's Task Force on the Planning and Development of Marine Aquaculture in Maine, Report and Recommendations, January 30, 2004

FORESTRY

Fourteen conference recommendations addressed four areas of concern to the forestry community. These include: 1) improving the competitiveness of the industry; 2) strengthening connections between managed forests and outdoor recreation and tourism, 3) identifying growth opportunities in wood-using industries; and 4) increasing sustainable management of forest lands.

Noteworthy Accomplishments in 2005

1. **Improve the Competitiveness of the Forest Industry.** Throughout its history, Maine has enjoyed a strong and diverse forest industry, and has served as the anchor for the forest products industry throughout the Northeast. The industry has grown and changed over time, but a strong forest product manufacturing base has been a constant in Maine's economy. Today, the industry faces unprecedented challenges. The rapid growth of a global marketplace has provided increased trade opportunities for Maine forest products, while at the same time allowing new competitors into markets that Maine companies have long enjoyed. Maine's forest economy is in the midst of significant changes, and some of these changes are painful to both the state and the industry.¹⁰ The Blaine House conference spurred and gave support to the idea that we needed to understand better our forestry economy and to take action to prepare for the future.

- ✓ Maine Future Forestry Economy Project: During 2004-2005, The Maine Department of Conservation, with support from the Maine Technology Institute, conducted the most comprehensive study ever done on the forest products industry in Maine. The project was led by Innovative Natural Resource Solutions, LLC of Portland ME, with assistance from a 12-member advisory committee and a variety of industry experts. The resulting report offers 19 recommendations and a roadmap for both the forest industry and state government going forward.

The recommendation given highest priority in this report is to level the competitive playing field for Maine businesses by eliminating the personal property tax on business equipment and machinery. The Governor has made this a priority and will pursue the elimination of this tax.

The Maine Forest Service is working with the University of Maine, the Maine Tree Foundation, and the Small Woodlot Owners Association of Maine to implement another of the report's recommendation –to launch a coordinated effort to education the public on the importance of Maine's forests and forest products industry.

A joint effort to implement the other recommendations is being explored between the state and forest products industry.

- ✓ Governor's Council on the Sustainability of the Forest Products Industry: Governor Baldacci created the Governor's Council on the Sustainability of the Forest Products Industry, bringing together leaders from the forest products industry, organized labor,

¹⁰ Future Forestry Economy Project Report, p 14

landowners, state agencies, and the Legislature to address challenges facing the forest products industry. Following Governor Baldacci's Blaine House Conference on Maine's Natural Resource-based Industries in November of 2003, this Council was charged with providing concrete recommendations to help make the state's forest products industry more competitive. The Council released its report in March 2005 with 21 recommendations for improving the competitiveness of Maine's forest products industry nationally and internationally. Many of the council recommendations coincide with the Future Forestry Economy Project whose recommendations are being implemented through joint public-private efforts.

- ✓ **Financial Returns:** Several efforts to improve the financial returns to Maine's forest landowners from forest management practices are underway. These include:
 - Eliminating the capital gains taxes on lands held and sustainably managed for 25 years or more (LD 1305). Public Law 2005, c. 416, was enacted by the 122nd Legislature and it will also reduce capital gains taxes on lands held for at least 10 years.
 - Determining if it is possible to increase the returns from long-term silviculture, where it is appropriate, to increase yield and value for the future. The goal is to identify practices that are financially competitive with harvesting that removes merchantable volumes in the short term. The Legislature passed LD 133 (Resolve, To Support Long-term Forest Management and Sound Silviculture). The Maine Forest Service has developed a project proposal and is looking to secure funding for the effort.
 - Developing forestry carbon offset projects, which could pay Maine's forest landowners for improved forest management practices that sequester carbon and/or reduce forest emissions as part of a strategy to mitigate greenhouse gas emissions. The Maine Forest Service is working with the USDA Forest Service and other northeastern state to develop protocols for such projects and to understand (through modeling) how Maine's forests could be managed to sequester more carbon. As markets develop, the forest products industry may be in a position to benefit from carbon sequestration.
- 2. **Maine's Forest Certification Initiative.** In 2003, Governor Baldacci announced the nation's first forest certification partnership. To achieve the twin goals of a vibrant industry and a healthy forest, he set a goal for markets and the industry to achieve, by 2007, ten million acres of certified forestland and an increase in the percentage of wood harvested from certifiable sources.
- ✓ **Maine Forest Certification Advisory Committee:** The Maine Forest Certification Advisory Committee (a 23-member group that included landowners, forest product manufacturers, environmental organizations, trade associations, state government, the University of Maine, and certification organizations) issued their report in January 2005 and offered 16 recommendations to help distinguish Maine products in the marketplace while improving forest management on-the-ground. Work on implementing these recommendations is underway.
- ✓ **Certified Lands:** In 2005, Maine forest landowners achieved a milestone with 7.25 million acres of forestland certified as being sustainably managed. This is 41% of Maine's productive forestland; more acreage and a higher percentage than any other state in nation!

- ✓ Paper Purchasing: Maine's paper-buying customers, like Time, Inc., L.L. Bean, Staples, Sears/Land's End, Hearst, and other members of the national Paper Working Group, have set targets to increase the amount of fiber from certified sources, thus providing increased market demand for paper from certified forest lands in Maine.
 - ✓ Logger Assistance: The Department of Conservation is collaborating with the Small Business Development Center, Small Business Administration, and the Finance Authority of Maine to develop a curriculum to provide loggers with specialized business skills and preferential access to capital resources. This logger business training and loan program is anticipated to be completed in the winter of 2006.
- 3. Strengthen Connections between Managed Forests and Outdoor Recreation and Tourism.** There is considerable recreation use taking place on private industrial timber lands. Forest sector representatives at the Blaine House Conference in 2003 highlighted the importance of managing tourist use so that forestry practices can continue simultaneously.
- ✓ Governor's Council on the Sustainability of the Forest Products Industry: The Council recommends developing creative partnerships between managed forests and outdoor recreation and tourism in conjunction with the implementing Maine's Nature Tourism Initiative.
 - ✓ Maine's Nature Tourism Initiative: The Maine Department of Conservation collaborated with tourism officials on producing a blueprint for growing nature tourism in Maine, which by its very nature, would increase demands for recreational access to forest lands. The plan, prepared by FERMATA, Inc., recommends a system for fair compensation to the landowners be developed along with a way of reaching visitors with messages regarding sustainable forest management's benefits.
 - ✓ Land Bond: In November 2005, voters supported bond funds to replenish the Land for Maine's Future program, which will provide funding for working forest conservation easements.

TOURISM/OUTDOOR RECREATION

Seven conference recommendations addressed three areas of concern to the tourism and outdoor recreation community: These include: 1) increasing investments in higher education, training, research, and small business extension for tourism; 2) expanding state tourism efforts to include planning, development, and management; 3) implementing sustainable tourism economic development planning.

Noteworthy Accomplishments in 2005

1. **Increase Investments in Education, Training, Research, and Small Business Extension.** Education, training, research, and small business extension are seen by the industry as foundational investments in tourism, Maine's largest industry. A 2002 study by the Maine Community College System found that while numerous programs exist in the state to prepare students for jobs in the hospitality industry, Maine's higher education system produces too few graduates to meeting employers' needs.¹¹ Further, many tourism businesses are owner-operated and could benefit from entrepreneurial skills. Lastly, there is no concentrated effort to research and develop new tourism products, services, and markets.
- ✓ **Center for Tourism Research and Outreach:** In July 2005, the University of Maine and the University of Southern Maine jointly launched the Center for Tourism Research and Outreach (CENTRO); whose mission is to be a key source for research and education to increase the competitiveness of and the market share captured by Maine's tourism businesses. The center will:
 - research new and existing products, services, and markets;
 - integrate arts and cultural amenities with natural amenities as high quality tourist attractions in Maine;
 - enhance academic programs to improve the management and service skills of tourism employers and employees, and thus increase the wages and job opportunities for those employed in the tourism industry;
 - train a new generation of entrepreneurs, managers, and skilled employees to develop businesses that focus on quality service and take advantage of underutilized tourism assets in Maine;
 - encourage the development of new tourist destinations, products, and services;
 - help communities improve the economic contribution of tourism in all regions of the state;
 - develop new and improved information sources and reports for the industry and the state to better inform and guide planning and business development; and
 - develop a consensus within government and industry on key programmatic and strategic steps to enhance the role of tourism in Maine's economy.¹²

¹¹ Maine's Lodging & Restaurant Services Workforce Needs & Higher Education Survey Report. A Joint Initiative of the Maine Technical College System, The Maine State Chamber of Commerce, Maine Innkeepers Association, and Maine Restaurant Association, September 2002.

¹² Daniel, Harold Dr., CENTRO Presentation to the Governor's Steering Committee on Maine's Natural Resource-based Industry, September 13, 2005.

The center is being funded through grants and contributions from the University of Maine, University of Southern Maine, state government, and industry.

- ✓ Tourism Training Initiative: The Maine Community College System received \$50,000 in FY06 and \$100,000 in FY07 to provide tourism training and education. Tourism business representatives are being consulted to determine the types of training and education programs to be developed.
2. **Implement Sustainable Tourism Economic Development Planning.** Not a single Maine community is completely void of the passing tourist and most would like more of them. However, tourist activity tends to be concentrated along our coastal beaches, the Route 1 corridor, and on some of the inland lakes in the summer. Too much tourism or tourist activities in areas that cannot support them can diminish the tourist's experience, put pressure on infrastructure, and affect the very natural resources that visitors come to enjoy.¹³ Conference participants recognized the potential to grow tourism through marketing and infrastructure investments, but agreed we must improve our understanding for sustainable tourism and recreation growth, in both underdeveloped and highly developed regions.
- ✓ Maine's Nature Tourism Initiative: In September 2004, the Department of Economic and Community Development retained FERMATA, Inc., a nationally-known tourism development consulting firm, to assess Maine's opportunities in nature-based tourism; one of the fastest growing niches in the travel industry. Over the past year, FERMATA, Inc. worked with stakeholders in three rural pilot project areas: the Western Mountains, the Highlands, and Downeast. FERMATA's report and recommendations address ways to grow nature tourism in Maine; to enhance marketing of natural resource products and services; and to study the carrying capacity of resources and communities for increased visitation.

¹³ Maine's Natural Resource Industry: Indicators of Health, November 2004, p 55.

SCORECARD

MAINE'S NATURAL RESOURCE INDUSTRY

SCORECARD SUMMARY

The following scorecard lists the 75 recommendations from the Blaine House Conference on Maine's Natural Resource Industries and identifies activities that have taken place over the past year to implement them. We score the progress to date for each recommendation as good, some, or no progress¹⁴.

Overall, the state and its partners have made good progress:

- ✓ Good progress is reported on 41% of the recommendations;
- ✓ Some progress is reported on 54% of the recommendations; and
- ✓ 5% of the recommendations have not yet been tackled.

	Good Progress	Some Progress	No Progress	TOTAL
Cross-cutting Issues	10 32%	29 65%	1 3%	31
Agriculture Issues	2 29%	3 43%	2 29%	7
Fisheries/Aquaculture Issues	9 56%	6 38%	1 6%	16
Forestry Issues	8 57%	6 43%	0 %	14
Tourism/Outdoor Recreation Issues	2 29%	5 71%	0 %	7
Total	31 41%	40 54%	4 5%	75
Total with Good or Some Progress	71 95%		4 5%	75 100%

¹⁴ The estimates of progress have been made by staff to the steering committee. They do not necessarily represent the judgment of the steering committee or its individual members.

ACCESS TO THE RESOURCE

Status	Conference Recommendation	2005 Activities
Good Progress	1. Create a comprehensive action plan to address the enormous pressures that rising land values are placing on fishing, farming, and forestry land owners	<ul style="list-style-type: none"> ✓ The Governor's tax reduction proposal (LD 2), which includes permitting municipalities to value the homestead land of principle residences at current use, will help lower property taxes on some farms and waterfront homes. The bill was held over and will be taken up again in 2006. ✓ Voters favored a \$12 million bond in November 2005 for the Land for Maine's Future Program to protect farmland, working forests, and recreational and conservation lands. The bond includes \$2 million for a Working Waterfront Access Pilot Program to retain strategic working waterfront infrastructure. ✓ Voters enacted a constitutional amendment in November 2005 to permit waterfront land used for commercial fishing activities to be assessed based on the land's current use in a manner similar to treatment now available for farms, open space, and forestland. ✓ The Working Waterfront Coalition has formed a PAC to educate voters on the importance of the working waterfront and to encourage them to approve the \$2 million in bond funding for working waterfronts that is part of the November 2005 LMF bond proposal. ✓ The MaineDOT 2006-2007 work plan includes funds to improve access to natural resource lands and water, including: Statewide Community Investment Sharing, Statewide Community Livability, Corridor Preservation, and Roads for Jobs programs. ✓ Voters favored a \$1.5 million bond for the Small Harbor Improvement Program that supports the commercial fishing and tourism segments of the natural resource economy by providing a 50% funding for development of a wide variety of coastal public access/infrastructure projects. ✓ The Maine Forest Service's work evaluating the potential markets of carbon offset projects and other efforts to make forest management more profitable will help keep forest land in production.
Good Progress	2. Support a new Land for Maine's Future bond	<ul style="list-style-type: none"> ✓ In November 2005, voters favored bond funds to replenish the Land for Maine's Future Program.
Some Progress	3. Strengthen Maine's service center communities	<ul style="list-style-type: none"> ✓ Several of the recommendations contained in the State Planning Office's report, <i>Revitalizing Maine's Downtowns</i>, have been implemented, including: funding and supporting the Maine Downtown Center, adopting a model rehabilitation code, and funding the Municipal Investment Trust Fund. ✓ \$1 million in grants were awarded to 121 municipalities and other regional government organizations to pilot regional approaches to local service delivery. Projects are underway.

		<ul style="list-style-type: none"> ✓ Grant funding for the Efficient Delivery of Local and Regional Services was established as part of the School Finance Act of 2003, the citizens' initiative known as Question 1A and <i>Public Law 2005, c. 2</i>, commonly referred to as LD 1. The program was anticipated to start on November 1, 2005 with the first round of grants awarded in early 2006. In June 2005, however, funding for the grant program was suspended for FY 06-07. ✓ The Intergovernmental Advisory Commission, a 17-member commission comprised of representatives from state, local, county, and regional governments, got underway. The commission is charged by statute to work on ways to improve communication, cooperation, and efficiencies among all three branches of government and to provide assistance to encourage regionalization and cost-effective service delivery. ✓ Voters favored a \$1 million bond in November 2005 for the New Century Community Program to invest in capital improvements improving cultural assets, including libraries, museums, historical buildings, theaters and arts facilities.
Some Progress	4. Increase public information on <i>Right-to-farm</i> and <i>Right-to-fish</i> laws	<ul style="list-style-type: none"> ✓ The Dept of Agriculture will host a series of public meetings in the early winter to solicit input on the issues of best management practices, right-to-farm laws, and local ordinances. The intent is to gain some guidance and to provide some education prior to formal rule-making on right-to-farm rules. ✓ The Dept of Agriculture has created several information pieces to educate and inform the general public as well as specific audiences, such as landowners, town officials, and farmers on right-to-farm issues.

MARKET DEVELOPMENT AND BRANDING

Status	Conference Recommendation	2005 Activities
Some Progress	5. Explore the possibilities for developing a coordinated marketing theme for all of Maine's natural resource-based industries	<ul style="list-style-type: none"> ✓ The Governor's Steering Committee on Maine's Natural Resource-based Industry hosted a marketing forum on June 13, 2005, to identify what might be Maine's "next level" of marketing for the farming, fishing, forestry, aquaculture, and tourism/outdoor recreation sectors, and what is needed to get us there. Some of the state's top private sector marketing experts advised us. ✓ FERMATA completed its assessment of opportunities for Maine to package and promote its nature tourism offerings; recommendations include enhanced marketing for authentic, locally-produced products, artisan crafts, and foods. It also recommends an integrated, multi-agency/multi-partner marketing communications campaign to raise awareness of

		<p>the <i>Maine Woods Experience</i>.</p> <ul style="list-style-type: none"> ✓ The Maine departments of Inland Fisheries & Wildlife and Economic and Community Development will produce a series of brochures to highlight five specific areas in Maine and what each has to offer visitors for outdoor recreational amenities. They should be available by January 2006 for distribution at outdoor shows and at Maine tourism centers and via the Web. ✓ In coordination with the other three northern forest states, Maine is participating in an effort to evaluate whether a regional brand for forest products would be effective in promoting increased sales. ✓ Maine's certification of forest lands provides a potent marketing label that paper buyers look for. Currently 41% of Maine's productive forest land is certified as being managed sustainably.
Some Progress	6. Develop and formalize strong working relationships with government and industry in Atlantic Canada	<ul style="list-style-type: none"> ✓ The Dept of Marine Resources continues to work with Canada on shared fish stocks. Maine and Canadian scientists collaborate to set reasonable catch limits based on the best available science. The DMR Commissioner currently chairs the Transboundary Monitoring Guidance Committee that sets the total allowable catch of the shared groundfish stocks for each country. ✓ The Dept of Marine Resources and the State Planning Office sit on the Gulf of Maine Council on the Marine Environment. Maine is the secretariat for the Council for 2005. The Council is developing a new five-year action plan with a focus on education, habitat protection and restoration, and contaminant monitoring. ✓ Maine is working cooperatively with the Province of New Brunswick regarding the timing of salmon aquaculture stocking to minimize disease. New Brunswick and Maine are also moving forward to adopt regulations that are more consistent with each other.
Good Progress	7. Create and strengthen links between agricultural entities and fisheries and Maine restaurants	<ul style="list-style-type: none"> ✓ The Local Agriculture Task Force produced 33 recommendations to strengthen local agriculture. The Department of Agriculture has begun to implement some of these recommendations; particularly looking at advocating use of nutritious, locally-grown foods in local institutions (schools, state offices, correctional facilities). ✓ October has become <i>Maine Menus Month</i> and promotion of it is a joint effort between the Department of Agriculture and the Maine Restaurant Association. It promotes Maine raised, grown, and harvested foods and the restaurants that feature them. Local seafood, which is featured on most menus, is a big part of this event. ✓ As stipulated by legislation, the Commissioner of the Department of Agriculture convened a working group to review statutory provisions and examine emerging issues relating to food policy. The group includes representation from the fisheries and aquaculture industries. The intent is to develop food policies that support locally-produced food,

		<p>which are critical to Maine's food security and rural economy.</p> <ul style="list-style-type: none"> ✓ The Maine Aquaculture Association exhibited at the Eastern States Exposition agricultural trade show again this year. This is excellent exposure for the industry and helps to keep them connected to the rest of Maine's food industry groups.
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SMALL BUSINESS SUPPORT

Status	Conference Recommendation	2005 Activities
Some Progress	8. Develop a comprehensive, natural resource-based industries education and skill development program	<ul style="list-style-type: none"> ✓ Part of the charge of the new Center for Tourism Research and Outreach is to enhance academic programs to improve the management and service skills of tourism employers and employees, and to train a new generation of entrepreneurs, managers, and skilled employees to develop quality service tourism businesses. ✓ The Maine Community College received funding to establish a tourism training initiative. ✓ The Dept of Conservation is collaborating with the Small Business Development Center, Small Business Administration, and the Finance Authority of Maine to develop a curriculum to provide loggers with specialized business skills and preferential access to capital resources. This logger business training and loan program is anticipated to be completed in the winter of 2006.
Some Progress	9. Develop affordable workers' compensation, group health, dental, and long-term care insurance	<ul style="list-style-type: none"> ✓ Governor Baldacci worked with labor, management, and the Legislature to formulate legislation (PL 2003, c. 608) to avoid gridlock, promote efficiency, and maintain lower costs in Maine's workers' compensation system. ✓ In 2003, the Legislature enacted the Dirigo Health Reform Act, a comprehensive approach to containing the rate of growth of health care while expanding access to health insurance and health care services to more Mainers. This fall, the state Bureau of Insurance found that the combined effect of Dirigo health reform initiatives so far has been able to reduce health care cost growth in Maine to a level \$44 million lower than it would have been in the absence of Dirigo reforms.
Some Progress	10. Access adequate seasonal labor	<ul style="list-style-type: none"> ✓ Federal immigration rules, which restricted the number of nonagricultural seasonal workers allowed into the US under the H-2B visa program, were changed to ease the restriction. This helps the logging and hospitality sectors that use large numbers of seasonal workers. ✓ The Department of Labor has been working with the

		<p>affected industries in recruiting domestic workers.</p> <ul style="list-style-type: none"> ✓ In 2005, the Legislature enacted Public Law, c. 461 which requires logging employers using H-2B workers to provide the Department of Labor with proof of ownership for at least one of every two pieces of equipment these loggers use where there is no federal prevailing rate set. It is too early to judge the effect of this law, but it will possibly engender additional capital expense for employers using H-2B workers.
No Progress	11. Facilitate the development of cooperative and aggregated purchasing options	

OBJECTIVE DATA, RESEARCH, AND SCIENCE

Status	Conference Recommendation	2005 Activities
Some Progress	12. Enhance and focus the natural resource research and development agenda in Maine's university system	<ul style="list-style-type: none"> ✓ The Center for Tourism Research and Outreach will enhance research and development for the tourism sector. ✓ The Advanced Engineered Wood Composite Center at the University of Maine is a state-of-the-art facility for composites research and development. The center is being expanded with funding from a jobs bond authorized by voters in June 2003. ✓ Efforts continue to expand and strengthen the aquaculture research facilities at the University of Maine including the Maine Institute for Cold Water Aquaculture in Orono and the National Agriculture Research Service and the Center for Cooperative Aquaculture Research in Franklin, ME.
Some Progress	13. Increase the state's capacity to provide certain technical assistance to the natural resource-based industries	<ul style="list-style-type: none"> ✓ Voters favored a \$20 million jobs bond in November 2005 that includes several initiatives to enhance technical assistance for the natural resource industries, including funding for the Small Enterprise Growth Fund and the Sunrise Business and Career Center in the Town of Jonesboro.
Good Progress	14. Continue to support state investment in research and development through bonding, as resources allow	<ul style="list-style-type: none"> ✓ Voters favored a \$4 million jobs bond in November 2005 for the Marine Infrastructure and Technology Fund administered by the Maine Technology Institute for competitive capital infrastructure grants to nonprofit marine research laboratories, institutions, and state governmental and quasi-governmental agencies. ✓ In 2003, voters approved \$11 million for natural marine, agriculture, and forestry R&D initiatives and \$20 million for biomedical research.

CLEAR, PREDICTABLE PUBLIC POLICY

Status	Conference Recommendation	2005 Activities
Some Progress	15. Develop a clear, comprehensive, balanced natural resource policy for Maine that recognizes the importance to these industries to Maine	✓ The Governor's Steering Committee on Maine's Natural Resource Industry was created to help develop balanced policies and to set goals to move toward implementation of the policies. The committee has worked over the past two years towards this end.
Good Progress	16. Establish a benchmarking process for the natural resource-based industries	✓ In 2004, the Steering Committee developed indicators to track the health of the natural resource-based industry. They are slated to be updated in 2006, pending funding.

TAX POLICY AND ECONOMIC DEVELOPMENT INCENTIVES

Status	Conference Recommendation	2005 Activities
Some Progress	17. Eliminate the personal property tax on machinery and equipment for investments made after April 2004	<ul style="list-style-type: none"> ✓ In 2004, the Governor proposed prospective repeal of the personal property tax on business equipment and machinery (LD 1923 did not pass). In 2005, the Governor proposed the repeal again in LD 1660. That bill has been held over to the 2nd Regular Session of the 122nd Legislature. ✓ This was the #1 recommendation in the Future Forestry Economy Report. Further; the Governor's Council on the Sustainability of the Forest Products Industry recommends repeal of personal property tax on business equipment.
Some Progress	18. Develop a regulatory support system for small businesses in these industries	<ul style="list-style-type: none"> ✓ The Governor's Council on the Sustainability of the Forest Products Industry recommends: <ul style="list-style-type: none"> ○ improving regulatory stability by enhancing communication and planning between industry and regulators; ○ Continually evaluating existing regulatory programs to assure that they meet the public health and safety need in the least burdensome manner practical; ○ recognize businesses that proactively demonstrate environmental stewardship. ✓ The Department of Environmental Protection continues to provide education and awareness to businesses, and to expand of its "Step-Up Program."
Some Progress	19. Develop a comprehensive plan for reducing energy costs across all industries	✓ The Governor's Office of Energy Independence and Security is working to help lower energy costs, including proposing an omnibus bill to make Maine more energy independent through increased energy conservation and

		<p>efficiency and renewable energy sources.</p> <ul style="list-style-type: none"> ✓ The Governor's Council on the Sustainability of the Forest Products Industry recommends: <ul style="list-style-type: none"> ○ growing Maine's electricity market and diversifying fuel sources available to Maine; and ○ adopting electricity and conservation delivery policies which promote manufacturing in Maine.
Some Progress	20. Improve access to technology and financial assistance by taking development resources to the regions	<ul style="list-style-type: none"> ✓ FERMATA's Strategic Plan for Implementing Maine's Nature-based Tourism Initiative recommends having tourism staff located in three pilot regions to support regional tourism development.
Some Progress	21. Study the potential elimination or reduction of the sales tax for diesel fuel consumed on fishing vessels and in logging operations.	<ul style="list-style-type: none"> ✓ A study on fishing vessels was completed in 2004. The Dept of Marine Resources found that the benefit of eliminating the sales tax on diesel fuel on fishing vessels was not as significant as was thought.

COLLABORATION ACROSS INDUSTRY AND GOVERNMENT

Status	Conference Recommendation	2005 Activities
Some Progress	22. Empower an inter-industry team to develop a long-term plan for developing productive, multi-use forests	<ul style="list-style-type: none"> ✓ The Governor's Council on the Sustainability of the Forest Products Industry recommends developing creative partnerships between managed forests and outdoor recreation and tourism in conjunction with the implementing Maine's Nature Tourism Initiative. ✓ FERMATA has offered recommendations as part of the Maine Nature Tourism Initiative for managing recreational use of forest lands. ✓ The Governor's Task Force on Traditional Uses and Public Access to Lands in Maine will recommend actions shortly for assuring public access on lands traditionally available for public use. ✓ In November 2005, voters favored bond funds to replenish the Land for Maine's Future Program that will provide funding for forest conservation easements and well as preserve lands for tourism and outdoor recreation. ✓ Maine has participated with three other northern forest states to evaluate the results of the Northern Forest Lands Council report; a major thrust of which is to support the economies of the northern forest area, which are largely based on forest products and tourism. These states are now working to implement the report recommendations. ✓ See also noteworthy accomplishments in the forestry section that describes efforts to promote long-term forest health

		and productivity.
Some Progress	23. Foster collaboration among tourism, aquaculture, and other uses of Maine's coast	<ul style="list-style-type: none"> ✓ The Maine Coastal Program at the State Planning Office and the departments of Marine Resources and Environmental Protection are conducting a bay management study to determine how to balance recreational and economic uses of Maine's coastal waters. In the winter and spring of 2005, a series of public meetings was held along the Maine coast to gather information on existing uses and conflicts in nearshore waters, as well as to learn what is working and not working with regard to marine governance. A bay management steering committee, composed of eight members of the public with various expertises in coastal issues, provides direction to the study. ✓ Two pilot projects, one in Muscongus Bay and one in Taunton Bay, will be completed in the spring of 2006; the results of these projects will be used by the Land and Water Resources Council, in conjunction with the other information collected, to inform their recommendations to the Legislature in January 2007.
Some Progress	24. Create a clearinghouse of natural resource policy initiatives	<ul style="list-style-type: none"> ✓ The State Planning Office maintains a limited Web site of articles, reports, studies, and research.
Good Progress	25. Formalize the work of the Blaine House Conference on Natural Resource-based Industries planning committee into a standing steering committee to the Governor	<ul style="list-style-type: none"> • The Governor's Steering Committee on Maine's Natural Resource Industry meets quarterly. Since the steering committee was appointed in spring 2004, it has: <ul style="list-style-type: none"> ○ monitored departmental efforts to implement the conference recommendations; ○ developed an indicators report that will allow us to assess the health of the natural resource-based industries over time; ○ launched an electronic newsletter to keep conference participants informed of progress; ○ issued its first annual progress report to the Governor documenting "some progress" or "good progress" on 89% of the recommendations; ○ supported legislative proposals to benefit our nature-based industries; and ○ hosted three forums exploring issues that cut across the sectors' boundaries.

PUBLIC INFRASTRUCTURE

Status	Conference Recommendation	2005 Activities
Good Progress	26. Give priority to the implementation of the Maine Dept of Transportation's <i>Explore Maine</i> passenger	<ul style="list-style-type: none"> ✓ The Maine Port Authority, through its CruiseMaine marketing program, is working to induce cruise ship passengers to return to Maine for extended vacations. Roughly 140,000 visitors come to Maine each year by cruise ship. Research shows that roughly 1/3rd of these passengers

	transportation plan	<p>can be drawn back to Maine within two years of their cruise visit. The Authority is also working on educating travel agents on the coastal Maine cruises which are offered by the three small cruise lines that homeport in Maine during the summers to increase passenger counts on these voyages.</p> <ul style="list-style-type: none"> ✓ Excursion rail service was introduced on the Rockland branch rail line; a new seasonal transit system was kicked off in Bethel; and MaineDOT continues work with Acadia National Park and Friends of Acadia to develop of a joint, intermodal facility and park visitor center.
Good Progress	27. Give priority to the implementation of the Maine Dept of Transportation's integrated freight plan	<ul style="list-style-type: none"> ✓ The Office of Freight Transportation is preparing the third Integrated Freight Plan. It is expected to be completed by late spring 2006.
Some Progress	28. Set up an interagency working group to identify infrastructure and services necessary to support Maine's natural resource-based industries	<ul style="list-style-type: none"> ✓ Voters favored a \$1.5 million bond in November 2005 for the Small Harbor Improvement Program. ✓ The Maine Port Authority is working with private industry to identify more economical transportation options to move goods between Maine and other US and foreign locations via short sea shipping, sometimes referred to as the blue highway. ✓ The MaineDOT regularly seeks input from state agencies and works with economic development districts to get input on priority investments for transportation infrastructure. Currently they are focused on supporting the FERMATA initiative. ✓ The Governor's Council on the Sustainability of the Forest Products Industry recommends increasing truck weight limits on Maine highways. ✓ The Dept of Marine Resources is working with the State Planning Office to develop the working waterfront pilot program (pending voter approval of bond funding) that will help retain commercial waterfront infrastructure to support the fishing industry.
Good Progress	29. Create a state strategic plan for developing and maintaining public warehouse capacity	<ul style="list-style-type: none"> ✓ The Maine Port Authority has been working with private terminal operators to identify needs for warehousing in each of the three deep water commercial ports. In Searsport this has resulted in two new warehouses being built during 2005. The first was a 30,000 sf. warehouse to serve the needs of northern Maine starch facilities; and the second was a 60,000 sf. warehouse that handles imported wood pulp and rolled paper exports for paper mills in central and northern Maine. A 60,000 sf. warehouse in Portland is under construction and will be completed by the end of the year. This warehouse will serve a variety of forest products manufacturers. Plans are also under consideration for additional space in Portland to be constructed as needed.
Good Progress	30. Continue to support state investment to construct affordable workforce housing	<ul style="list-style-type: none"> ✓ The Maine State Housing Authority has issued \$7.5 million authorized for affordable housing construction. The remaining \$500,000 in unissued bonds is projected to be spent down in 2005.

Some Progress	31. Increase the development and placement of historical and interpretive signage	✓ FERMATA's Strategic Plan for Implementing Maine's Nature-based Tourism Initiative recommends the placement of highway directional signs to support regional tourism itineraries developed as part of the initiative.
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AGRICULTURE

Status	Conference Recommendation	2005 Activities
Some Progress	32. Establish a statewide policy on water use for agricultural purposes	<ul style="list-style-type: none"> ✓ A new irrigation guide for farmers was developed and distributed under guidance by members of the Dept of Agriculture's Water Advisory Committee. The committee developed recommendations on how to deal with low flow issues and provided them to the Dept of Environmental Protection for consideration as part of the low flow standards that the DEP is developing. ✓ The Dept of Agriculture coordinates with the farm community through the Ag Water Advisory Committee and other state agencies on water issues. The DEP is charged with drafting rules for withdrawal limits on rivers and ponds. The Maine Geological Survey has started a similar process for groundwater withdrawals.
Good Progress	33. Expand the Department of Agriculture's existing agricultural water development program	<ul style="list-style-type: none"> ✓ Voters favored a \$1 million bond in November 2005 for the Agricultural Water Source Development grant program to help farmers and growers locate and implement alternative water sources to sustain their crops.
No Progress	34. Value working farmland	
Some Progress	35. Explore options for preserving farmland	<ul style="list-style-type: none"> ✓ In November 2005, voters favored bond funds to replenish the Land for Maine's Future Program.
Some Progress	36. Build on current agricultural land protection programs	<ul style="list-style-type: none"> ✓ The Dept of Agriculture will host a series of public meetings in the early winter to solicit input on the issues of best management practices, right-to-farm laws, and local ordinances. The intent is to gain guidance and to provide some education prior to formal rule-making on right-to-farm rules. ✓ On both farmland protection and right-to-farm issues, the Dept of Agriculture has created several information pieces to educate and inform the general public as well as specific audiences, such as landowners, town officials, and farmers.
Good Progress	37. Create a Local Agricultural Development program	<ul style="list-style-type: none"> ✓ The Local Agriculture Task Force offered 33 recommendations in December 2004. The task force identified factors that limits success of local agriculture and provided suggested policies and programs to support and sustain local agriculture. The Department of Agriculture has begun to implement some of these recommendations, as follows: <ul style="list-style-type: none"> o The Dept of Agriculture sponsored a seminar on

		<p>developing cooperatives to help growers create the infrastructure they need to expand into new markets. The interest was high; especially among meat and poultry producers who are looking to reduce their production costs and to add value to their product.</p> <ul style="list-style-type: none"> ○ The Maine Association of School Lunch Program Managers had a summer meeting that featured sourcing local foods. The Dept of Agriculture sponsored an exhibit to share information and ideas about ways to connect with local food producers, and to create a network of schools that are stepping up their efforts and providing good models for others to follow. ○ The Cross Café in the State Office Building is now using signage provided by the Dept of Agriculture to show that they feature Maine food items. The Cross Café has been sourcing local foods whenever possible through their distributor. They are eager to connect with local farmers to feature fresh local produce. ○ The state Bureau of Purchases will revise their contract specifications for food service to state correctional facilities to include language that encourages food service companies to source local foods. ✓ The Commissioner of the Department of Agriculture has convened a working group to review statutory provisions and to examine emerging issues related to food policy. The group includes representation from the fisheries and aquaculture industries. The intent is to develop food policies that support locally-produced food, which are critical to Maine's food security and rural economy.
No Progress	38. Help commodity agricultural farms maintain or improve their cost competitiveness	

AQUACULTURE AND FISHING

Status	Conference Recommendation	2005 Activities
Some Progress	39. Create the best possible outcomes for Maine fishermen from Amendment 13	<ul style="list-style-type: none"> ✓ In the lawsuit against the National Marine Fisheries Service (NMFS) regarding Amendment 13, the Attorney General filed an amicus brief on the side of the defendants. The judge found largely in favor of the NMFS. ✓ The Dept of Marine Resources and fishing industry organizations continue to work through the New England Fisheries Management Council process to secure access for Maine's fishermen to the federal groundfish fishery.
Some Progress	40. Support the Groundfish Task Force	<ul style="list-style-type: none"> ✓ The Dept of Marine Resources continues to work with industry to develop the recommendations of the Groundfish Task Force, pending funding. Not all recommendations

		<p>have received support from industry.</p> <ul style="list-style-type: none"> ✓ Only the initiative to protect working waterfronts was included in the final 2005 bond package, which was approved by voters.
Some Progress	41. Restore the balance between conservation and resource use in the Sustainable Fisheries Act	<ul style="list-style-type: none"> ✓ The Dept of Marine Resources is taking an active role in the reauthorization of the Magnuson-Stevens Fishery Conservation and Management Act via our congressional delegation.
No Progress	42. Facilitate consensus-building within the recreational and commercial fishing communities	
Some Progress	43. Direct the Dept of Marine Resources to undertake a long-range planning process	<ul style="list-style-type: none"> ✓ In October 2005, the Penobscot East Resource Center and the Downeast Groundfish Initiative hosted a symposium to consider the scientific needs for developing ecosystem management in the offshore waters of the Gulf of Maine. The New England Fisheries Management Council had three stakeholder workshops in Maine to develop industry and public perspectives on how ecosystems management applies to federal fisheries management. DMR and members of the fishing industry participated in both events. ✓ The Dept of Marine Resources is monitoring the formation of new organizations within the groundfish industry and beyond as members of industry struggle to find common ground on certain matters. ✓ The Dept of Marine Resources is working hard to encourage dialogue between resource users regarding aquaculture leases. There has been a concerted effort in recent months to allow for repeated, moderated encounters when there is a dispute over a particular area. ✓ The Maine Coastal Program at the State Planning Office and the departments of Marine Resources and Environmental Protection are conducting a bay management study to determine how to balance recreational and economic uses of Maine's coastal waters (see recommendation #23)
Good Progress	44. Support legislation to add "fisheries" to the list of purposes for which a conservation easement may be established	<ul style="list-style-type: none"> ✓ The Dept of Marine Resources is working with the State Planning Office to develop the working waterfront pilot program that is intended to help purchase development rights of working waterfront properties in the form of easements.
Good Progress	45. Support additional bond funding for the Small Harbor Improvement Program	<ul style="list-style-type: none"> ✓ Voters favored a \$1.5 million bond in November 2005 for the Small Harbor Improvement Program.
Good Progress	46. Support state funds for acquisition of public water access sites through the Land for Maine's Future Program	<ul style="list-style-type: none"> ✓ In November 2005, voters favored bond funds to replenish the Land for Maine's Future Program.
Good Progress	47. Explore the possibility of an infrastructure bond package to support commercial water access and key working	<ul style="list-style-type: none"> ✓ Voters favored a \$2 million bond in November 2005 for a Working Waterfront Access Pilot Program (as part of the Land for Maine's Future bond).

	waterfront facilities	<ul style="list-style-type: none"> ✓ Voters enacted a constitutional amendment to permit waterfront land used for commercial fishing activities to be assessed based on the land's current use in a manner similar to farms, open space and forestland.
Good Progress	48. Set priorities for cold water marine research	<ul style="list-style-type: none"> ✓ See recommendations #49 and 50 below.
Good Progress	49. Expedite the plan for the Maine Institute for Cold Water Aquaculture at the University of Maine	<ul style="list-style-type: none"> ✓ The Maine Institute for Cold Water Aquaculture is in the process of hiring their senior leader. When that is accomplished, they will continue development of the interdisciplinary research facility. ✓ The Center for Cooperative Aquaculture research is operating at full steam ahead. A \$3M water distribution system has been built and is operational. ✓ There are two separate companies in the 'business incubation facility.' One is growing marine worms and the other is growing Atlantic halibut. ✓ The National Agriculture Research Service has a salmon genetics program underway in temporary quarters while progress continues on the construction of their National Laboratory facility, which will be on the grounds of the Center for Cooperative Aquaculture research in Franklin, ME. ✓ The University of Maine is developing a new laboratory specializing on aquatic animal health.
Good Progress	50. Support bond funding for cold water marine research in the Gulf of Maine	<ul style="list-style-type: none"> ✓ Voters favored a \$4 million bond in November 2005 for the Marine Infrastructure and Technology Fund administered by the Maine Technology Institute for competitive capital infrastructure grants to nonprofit marine research laboratories, institutions, and state governmental and quasi-governmental agencies. Includes funds to purchase the property known as Black Duck Cove on Great Wass Island to serve as the home of the Downeast Institute for Applied Marine Research and Education. ✓ In 2003, voters approved \$1 million for the Marine Infrastructure and Technology Fund and \$3 million for the Gulf of Maine Laboratory for research and development.
Good Progress	51. Support the vision and principles for aquaculture established by the Aquaculture Task Force	<ul style="list-style-type: none"> ✓ Completed in 2004
Some Progress	52. Carefully review and, if appropriate, adopt the Aquaculture Task Force recommendations	<ul style="list-style-type: none"> ✓ In 2004, the departments of Economic and Community Development and Marine Resources traveled to Norway to examine new aquaculture methods. It became clear that Norway's integration of research institutions, industry, and government is much stronger than the US model, and we use that example as we construct programs such as veterinary extension at the University. ✓ We also recognized that Maine growers are in a stronger position to meet European organic certification requirements that will allow them to compete in niche markets. Because the US regulations are so stringent, many

		growers have completed most of the requirements for certification; while countries like Norway and Canada are having to make those changes now in response to global environmental concerns.
Some Progress	53. Develop and implement an aquaculture public information plan	✓ The Dept of Marine Resources is creating an educational brochure on how to acquire an aquaculture lease; printing is expected in February 2006. The project is funded by the Maine Coastal Program at the State Planning Office.
Good Progress	54. Encourage other state agencies to support aquaculture	<ul style="list-style-type: none"> ✓ The Maine Aquaculture Association exhibited at the Eastern States Exposition agricultural trade show again this year. This is excellent exposure for the industry and helps to keep them connected to the rest of Maine's food industry groups. ✓ Local seafood is a feature of <i>Maine Menus Month</i> sponsored by the Dept of Agriculture and the Maine Restaurant Association. ✓ Fisheries and aquaculture industries participate in the Dept of Agriculture's food policy working group to develop policies that support locally-produced food.

FORESTRY

Status	Conference Recommendation	2005 Activities
Good Progress	55. Identify strategies to recruit and retain loggers	<ul style="list-style-type: none"> ✓ The number of logging firms certified under the Master Logger Certification Program has increased from 27 firms in 2002 to 97 firms in 2005. ✓ The Dept of Conservation is collaborating with the Small Business Development Center, Small Business Administration, and the Finance Authority of Maine to develop a curriculum to provide loggers with specialized business skills and preferential access to capital resources. This logger business training and loan program is anticipated to be completed in the winter of 2006. ✓ The Governor's Council on the Sustainability of the Forest Products Industry recommends: <ul style="list-style-type: none"> ○ establishing a logger loan program structured to the specific needs of loggers and especially targeted to encourage long-term contracts for wood; ○ developing an apprenticeship program for loggers to encourage on-the job training of new loggers; and ○ supporting Northern Maine Community College's training program for "Mechanical Tree Length Forestry Operations."
Some Progress	56. Examine ways to reduce energy costs	✓ The Governor's Council on the Sustainability of the Forest Products Industry recommends:

		<ul style="list-style-type: none"> ○ growing Maine's electricity market and diversifying fuel sources available to Maine; and ○ adopting electricity and conservation delivery policies which promote manufacturing in Maine. <p>✓ See also recommendation #19</p>
Some Progress	57. Examine ways to reduce transportation costs	<p>✓ The Governor's Council on the Sustainability of the Forest Products Industry recommends:</p> <ul style="list-style-type: none"> ○ repealing the personal property tax on business equipment; ○ increasing truck weight limits on Maine highways; and ○ inventorying issues related to rail service and working collaboratively to address these issues. <p>✓ See also recommendation #28</p>
Good Progress	58. Examine state tax policies and their impact on investment in forestry	<p>✓ PL 2005, c. 416 reduces capital gains tax on sustainably managed timberland held for at least 10 years.</p> <p>✓ Legislative Resolve 28 (Resolve to Support Long-term Forest Management and Sound Silviculture) directs the Maine Forest Service to develop recommendations for policies to support long-term forest management and sound silviculture, pending funding.</p>
Good Progress	59. Analyze how to make Maine's forest products industry more competitive	<p>✓ The <i>Maine Future Forest Economy Project</i>, a year-long analysis of the state's forest products manufacturing industry, spells out 19 recommendations for improving the ability of Maine forest product manufacturers to compete globally.</p> <p>✓ In addition, the Governor's Council on the Sustainability of the Forest Products Industry has offered 21 recommendations for improving the competitiveness of Maine's forest product industry nationally and internationally.</p> <p>✓ The Administration is working to implement the #1 recommendation from these efforts, which is to eliminate the personal property tax on business equipment and machinery. A joint effort to implement the other recommendations is being explored between the state and forest products industry.</p>
Good Progress	60. Determine the attitudes of Maine citizens regarding the forest products industry	<p>✓ As part of the Future Forestry Economy Project, researchers commissioned a survey of public attitudes conducted by Strategic Marketing Services of Portland, Maine in September 2004. They found that Maine citizens value the forest products manufacturing industry, and support efforts to support the industry as it moves forward in a time of increasing global competition.</p> <p>✓ The Maine Forest Service is working with the University of Maine, the Maine Tree Foundation, and the Small Woodlot Owners Association of Maine to launch a coordinated effort to educate the public on the importance of Maine's forests and forest products industry.</p>
Some Progress	61. Develop creative partnerships between managed forests and	<p>✓ The Governor's Council on the Sustainability of the Forest Products Industry recommends developing creative</p>

	tourism and outdoor recreation	<p>partnerships between managed forests and outdoor recreation and tourism in conjunction with the implementing Maine's Nature Tourism Initiative.</p> <ul style="list-style-type: none"> ✓ FERMATA has offered recommendations as part of the Maine Nature Tourism Initiative for managing recreational use of forest lands. ✓ The Governor's Task Force on Traditional Uses and Public Access to Lands in Maine will recommend actions shortly for assuring public access on lands traditionally available for public use. ✓ In November 2005, voters favored bond funds to replenish the Land for Maine's Future Program, which will provide funding for forest conservation easements and well as preserve lands for tourism and outdoor recreation. ✓ Maine has participated with three other northern forest states to evaluate the results of the Northern Forest Lands Council report; a major thrust of which is to support the economies of the northern forest area, which are largely based on forest products and tourism. These states are now working to implement the report recommendations.
Good Progress	62. Replenish the Land for Maine's Future Program	<ul style="list-style-type: none"> ✓ In November 2005, voters favored bond funds to replenish the Land for Maine's Future Program.
Good Progress	63. Use the state's forest certification initiative to enhance marketing of Maine's forest products	<ul style="list-style-type: none"> ✓ 7.25 million acres of Maine forest are certified. Most of Maine's paper and saw mills are certified or soon will be. ✓ Market demand for certified wood and paper is increasing. International Paper and New Page have announced a preference for certified wood. Time, Inc. increased purchases in Maine 12% in 2004 because of certification. Domtar now buys FSC certified pulpwood and uses it to produce FSC certified "Earth Choice" paper. ✓ Harvest volume from Master Loggers has increased 3-fold. ✓ The Maine State Housing Authority has developed and adopted a "Green Building" standard for projects involving MSHA's funds/financing. ✓ The State Division of Purchases has adopted an "environmentally preferable purchasing policy" and a procurement policy for state purchases of wood-based materials from certified sources.
Good Progress	64. Focus on the unique attributes and competitive advantage of Maine's wood species to grow this industry	<ul style="list-style-type: none"> ✓ The Future Forestry Economy project assesses the competitive advantages of Maine's wood species and outlines how to grow the forest products industry based on these advantages.
Some Progress	65. Evaluate the potential of carbon trading	<ul style="list-style-type: none"> ✓ The Maine Forest Service is working with the USDA Forest Service and other northeastern states to develop a protocol for forestry carbon offset projects and to refine our understanding of how Maine's forests could be managed to sequester (store) more carbon or reduce forest emissions. The goal is to create markets for carbon-friendly forest management in Maine, and hence, payments to Maine landowners for such management.

Some Progress	66. Create a “market development alliance” to focus on entrepreneurship and develop outreach and education programs and mentoring opportunities	✓ This recommendation is being pursued as part of the effort to implement the Future Forestry Economy project.
Good Progress	67. Track forestry industry information needs	<ul style="list-style-type: none"> ✓ The report from the Future Forestry Economy Project provides up-to-date, comprehensive information on the state of the forest industry. ✓ The Maine Forest Service will continue its annual five-year forest inventory effort with support from the USDA Forest Service, pending funding.
Some Progress	68. Examine trade policies that contribute to declines in forestry manufacturing	✓ The Future Forestry Economy Project report assesses the impact of some trade policies.

TOURISM/OUTDOOR RECREATION

Status	Conference Recommendation	2005 Activities
Good Progress	69. Convene a development committee to develop degree, research, and extension programs in hospitality and recreation	<ul style="list-style-type: none"> ✓ In July 2005, the University of Maine and University of Southern Maine collaborated to create the new Center for Tourism Research and Outreach. Work is underway to assist tourism businesses with research and education. ✓ A Maine Tourism Advisory Committee has been formed to advise and monitor the University’s efforts. ✓ The Maine Community College System received \$50,000 in FY06 and \$100,000 in FY07 for a Tourism Training Initiative. Tourism business representatives are being consulted to determine the types of training and education to be developed.
Some Progress	70. Broaden the Dept of Economic and Community Development’s tourism capabilities	✓ The Dept of Economic and Community Development’s tourism planning and development capabilities will be enhanced in response to several of the FERMATA recommendations.
Some Progress	71. Improve tourism and recreation business incentives	✓ The Dept of Economic and Community Development continues to develop LD 192, which was introduced during the first session of the 122 nd Legislature, to provide tax incentives for new recreational lodging.
Some Progress	72. Coordinate recreational land-use management	<ul style="list-style-type: none"> ✓ The Governor’s Council on the Sustainability of the Forest Products Industry recommends developing creative partnerships between managed forests and outdoor recreation and tourism in conjunction with the implementing Maine’s Nature Tourism Initiative. ✓ FERMATA has offered recommendations as part of the

		<p>Maine Nature Tourism Initiative for managing recreational use of forest lands.</p> <ul style="list-style-type: none"> ✓ The Governor's Task Force on Traditional Uses and Public Access to Lands in Maine will recommend actions shortly for assuring public access on lands traditionally available for public use. ✓ In November 2005, voters favored bond funds to replenish the Land for Maine's Future Program, which will provide funding for forest conservation easements and well as preserve lands for tourism and outdoor recreation.
Some Progress	73. Establish processes to bring sustainable development criteria into tourism planning	<ul style="list-style-type: none"> ✓ In September 2005, the Maine Tourism Commission adopted a set of guiding principles for experiential tourism development. Developed by the Commission's Natural Resource Committee, the principles are designed to be a reference document for state, regional, and local stakeholders involved in tourism development.
Good Progress	74. Increase the state's capacity to provide certain technical assistance to municipalities seeking tourism industry growth	<ul style="list-style-type: none"> ✓ In September 2004, the Department of Economic and Community Development retained FERMATA, Inc., a nationally-known tourism development consulting firm, to assess Maine's opportunities in nature-based tourism; one of the fastest growing niches in the travel industry. ✓ Over the past year, FERMATA, Inc. worked with stakeholders in three rural pilot project areas: the Western Mountains, the Highlands, and Downeast to demonstrate how nature tourism development can be planned and implemented across the entire state. ✓ On September 13, 2005, FERMATA presented Governor Baldacci with its report and recommendations for a nature tourism initiative in Maine. ✓ FERMATA offers 28 recommendations for Maine's Nature Tourism initiative. The goal is to provide Maine visitors with accurate and comprehensive information on opportunities to experience the state's world-class natural, historical, and cultural resources. ✓ Governor Baldacci is committed to making the investment necessary to maintain Maine's position as a top tourist destination.
Some Progress	75. Explore a comprehensive Maine branding campaign	<ul style="list-style-type: none"> ✓ The Governor's Steering Committee on Maine's Natural Resource-based Industry hosted a marketing forum on June 13, 2005, to identify what might be Maine's "next level" of marketing for the farming, fishing, forestry, aquaculture, and tourism/outdoor recreation sectors, and what is needed to get us there. Some of the state's top private sector marketing experts advised us. ✓ FERMATA completed its assessment of opportunities for Maine to package and promote its nature tourism offerings; recommendations include enhancing marketing for authentic, locally-produced products, artisan crafts, and foods. It also recommends an integrated, multi-agency/multi-partner marketing communications campaign to raise awareness of the <i>Maine Woods Experience</i>.

		<ul style="list-style-type: none"> ✓ Maine Dept of Inland Fisheries & Wildlife merchandise marketing staff is helping Maine Dept of Conservation to develop a line of merchandise promoting their agency and state parks. ✓ In coordination with the other three northern forest states, Maine is participating in an effort to evaluate whether a regional brand for forest products would be effective in promoting increased sales.
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APPENDICES

MAINE'S NATURAL RESOURCE INDUSTRY

APPENDIX A – STEERING COMMITTEE MEMBERS

Members

Richard Barringer, Research Professor, Muskie School of Public Service, **Co-Chair**

Richard Davies, Senior Policy Advisor, Office of the Governor, **Co-Chair**

Edward Bradley, Maritime Attorney

Elizabeth Butler, Attorney, Pierce Atwood

Jack Cashman, Commissioner, Department of Economic & Community Development

David Cole, Commissioner, Department of Transportation

John Fitzsimmons, President, Maine Community College System

Martha Freeman, Director, State Planning Office

Dawn Gallagher, Commissioner, Department of Environmental Protection

Michael Hastings, Executive Director, Maine Aquaculture Innovation Center

Lloyd Irland, President, The Irland Group

George Lapointe, Commissioner, Department of Marine Resources

R. Dan Martin, Commissioner, Department of Inland Fisheries & Wildlife

Marilyn Meyerhans, Owner, The Apple Farm

Patrick McGowan, Commissioner, Department of Conservation

Matt Polstein, Owner, New England Outdoor Center

Stewart Smith, Professor of Sustainable Agriculture Policy, University of Maine

Robert Spear, Commissioner, Department of Agriculture

Peter Triandafillou, Natural Resources Vice President, Huber Resources Corporation

David Vail, Adams-Catlin Professor of Economics, Bowdoin College

Joseph Westphal, Chancellor, University of Maine System

James Wilson, Professor of Marine Sciences, University of Maine

Designees

Gary Crocker, Director of State and Federal Programs, Maine Community College

David Etnier, Deputy Commissioner, Department of Marine Resources

Kathy Fuller, Director of Environment, Department of Transportation

Sue Inches, Deputy Director and Director of Policy, State Planning Office

David Littell, Deputy Commissioner, Department of Environmental Protection

Marc Michaud, Director of Information and Education, Department of Inland Fisheries and Wildlife

Ned Porter, Deputy Commissioner, Department of Agriculture

Tracy Bigney, Chief of Staff/Executive Director of Human Resources, University of Maine System

Jeff Sosnaud, Deputy Commissioner, Department of Economic and Community Development

Karin Tilburg, Deputy Commissioner, Department of Conservation

Staff

Jody Harris, Director of Program Services, State Planning Office

Linda LaPlante, Senior Administrative Secretary, State Planning Office

APPENDIX B – NEWSLETTERS



Maine's Natural Resource-based Industries

Tracking the Results from the 2003 Blaine House Conference

Spring 2005

Volume 2, Number 1

This newsletter is published three times per year by the Governor's Steering Committee on Natural Resource-based Industries to provide information on progress implementing the 75 recommendations from the 2003 Blaine House Conference.

Please circulate it to others that you think would be interested.

We're on the Web!

www.maine.gov/spo/natural/gov

Click on links below for more information

[Future Forestry Economy Project goes on the road](#)

[Feature NRBI Indicator: Volume of Merchantable Timber](#)

[Legislature takes up](#)

Governor's steering committee hosts forestry event

The [Governor's Steering Committee on Natural Resource-based Industries](#) held a day-long forum on March 25 to hear the report and recommendations from the [Maine Future Forestry Economy Project](#). Steering committee members were joined by over 50 representatives from the forest products industry and trade and environmental organizations.

- [2-page Project Summary](#) (MS Word 28.5 KB)

Forest products industry faces challenges

The report concludes that Maine forest products manufacturers face very real challenges. The past five years saw a number of forest products manufacturing facilities close, from paper mills to dowel manufacturers. Yet, during this same time period, new forest products have come to Maine and existing facilities have added capacity and product lines. What's certain, however, is that more changes can be anticipated in the future; some of them challenges, some of them opportunities.

Report results are surprising

While the report contained some predictable trends about the challenges ahead, it also offered some surprising conclusions:

- ✓ While employment in the forest products sector may be declining, it is not a result of declining sales
- ✓ Average wages for forest product sector workers have risen at a rate greater than that of inflation
- ✓ Maine is a strong second among all paper-producing states
- ✓ Maine's lumber production is at near-record levels

Maine can capitalize on its strengths

[natural resource bills](#)

[Nature tourism
initiative underway](#)

[Local Agriculture Task
Force recommends 33
policies and programs
to support and sustain
local agriculture in
Maine](#)

[First round of
community meetings
completed for bay
management study](#)

Conservation Commissioner Patrick McGowan observed that the *Future Forestry Economy Project* is, "the most comprehensive study ever done on the forest products industry in Maine." "Yes, the forest products industry faces challenges, but these challenges can be overcome. The Future Forest Products report, and the recommendations flowing from it, will help the forest products industry capitalize on its strengths and address its weaknesses," he said.

- [Full Text of Commissioner's remarks](#)

Recommendations

In order for Maine and its forest products manufacturers to be best positioned for the future, the *Maine Future Forest Economy Project* makes a number of recommendations. These recommendations are designed to help state government, forest product manufacturers, and other stakeholders develop the conditions necessary for the forest industry to prosper in a changing economy. They are not focused on individual manufacturing facilities, but rather seek to improve the underlying economic system that Maine mills operate in while safeguarding public values.

- [1-page Summary of Recommendations](#) (MS Word 39.5 KB)

Report Discussed

Eric Kingsley, principal author and Vice President of Innovative Natural Resources (INRS), a natural resource industries consulting firm with offices in Concord NH and Portland ME, presented the findings and recommendations of the *Future Forestry Economy Project*. Participants broke into small groups and offered suggestions, comments, and additional recommendations.

- [Future Forestry Economy Report](#)
- [Presentation by Eric Kingsley, Innovative Natural Resource Solutions, Inc](#) (Power Point File 3 MB)
- [Summary of Participants' Comments](#)

Overview of efforts to strengthen Maine's forest products industry

In addition to the *Future Forestry Economy Project*, the steering committee was briefed on other efforts to strengthen Maine's forest products industry, including:

The Forests of Maine, 2003

This report provides a summary of resource conditions, a prospective future outlook, and policy implications related to Maine's forests. It

provides information needed for informed decision-making on forestry issues.

- [The Forests of Maine](#) report
- [Results of Five-year Annual Inventory of Maine Forest Lands](#); Presentation by Alec Giffen, Director, Maine Forest Service (Power Point File 11 MB)

Governor's Council on the Sustainability of the Forest Products Industry

In January, 2004, Governor Baldacci created the Governor's Council on the Sustainability of the Forest Products Industry, bringing together leaders from government, the forest products industry, organized labor, and landowners to address challenges facing the forest products industry. The Council was charged with providing concrete recommendations to help make the state's forest products industry more competitive.

- [Final Report of Governor's Council on the Sustainability of the Forest Products Industry](#)

Maine Forest Certification Advisory Committee

In July 2003, Governor Baldacci launched the Maine Forest Certification Initiative and directed the Maine Forest Service to establish a certification advisory committee to help grow Maine's forest industry by distinguishing Maine products in the marketplace while improving forest management.

- [Final Report of the Maine Forest Certification Advisory Committee](#)
- [Forest Certification in Maine](#), Presentation by Michael Thompson, Vice President, Woodlot Alternatives, Inc. (Power Point File 117 KB)

The Maine Climate Change Action Plan

A 2003 Maine law required the Department of Environmental Protection to develop and submit a *Climate Action Plan* for Maine to reduce greenhouse gas emissions. After a year of development, and based on the work of stakeholders, the Department recommends 54 actions to meet legislative targets. A groundbreaking conclusion in the report is that some forms of current forest management could produce real carbon savings at very low or negligible cost and, over time, could produce new landowner revenue streams.

- [Climate Change Action Plan for Maine](#)
- [Understanding the Potential of Maine Forests to Reduce GHG Levels](#), Presentation by Alec Giffen, Director, Maine

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Future Forestry Economy Next Steps!

- Four [public presentations](#) across Maine
- Assimilate public input
- Prepare legislative proposals for 2006

The steering committee is chaired by [Richard Barringer](#), Research Professor, Muskie School of Public Service and [Richard Davies](#), Policy Advisor to the Governor. For more information, visit the [committee's web site](#).



Maine's Natural Resource-based Industries

Tracking the Results from the 2003 Blaine House Conference

Summer 2005

Volume 2, Number 2

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Please circulate it to others that you think would be interested.

We're on the Web!

www.maine.gov/spo/natural/gov

Click on links below for more information

[Featured NRBI Indicator: Number of Farmers' Markets](#)

[Marketing Maine food products](#)

[Gulf of Maine gavel passes to Maine](#)

[Legislature approves tourism research center](#)

Governor's steering committee hosts marketing forum

The [Governor's Steering Committee on Natural Resource-based Industries](#) held a day-long forum on June 13 in Augusta, to explore ways that individual sectors might better collaborate on their marketing efforts; and, in particular, the question of "how might Maine move its marketing efforts to the next level?" Fifty participants from the Steering Committee, private business, state and national marketing firms, and the several marketing programs of state government convened to hear what the experts have to offer, and to discuss whether and how Maine might move forward in this regard.

Some key questions that arose include:

- ✓ Is there synergy to be gained from marketing a broad portfolio of Maine products and services under a single Maine image or brand?
- ✓ We already market Maine's image in a variety of consistent ways; how might we better coordinate? For example, might the successful "Made in Maine" program market fisheries, wood products, or recreational services?
- ✓ What role might Maine's nationally-known companies play in our moving forward, as they are an integral part of marketing Maine's image and spend far more than does the state on marketing Maine.
- ✓ What additional research might answer these questions?

There was strong consensus among those present that we could, indeed, improve upon what we are now doing – that Maine would benefit greatly from more collaboration, cross-selling and, quite possibly, sharing a common Maine brand or image that is at once flexible enough to embrace individual sector efforts, and strong enough to generate synergies of efficiency and effectiveness for all.

[MaineDOT looks at ways to benefit natural resource industries](#)

[Legislature and Governor support long-term forest ownership](#)

[Repeal of personal property tax on business equipment carried over](#)

The Steering Committee will assemble over the summer a small working group to frame a strategy and time line to address these questions, and to present a proposal to at its planned meeting in late September.

Overview of marketing forum

Maine's current marketing efforts are diverse, but currently conducted independently, by sector. The forum explored the idea that there are synergies to be gained from collaboration.

- [Overview of Maine's current natural resource-based industries' marketing activities](#) (473 KB)

Vermont Act 190

The steering committee learned about how Vermont has successfully integrated its marketing efforts from keynote speaker, Michelle Wass, Marketing Coordinator, Vermont Department of Tourism and Marketing.

As a result of legislation (Act 190) passed in 1996, eleven agencies engage in coordinated marketing efforts in Vermont (today, that number is up to twenty!). In passing Act 190, it was the intent of the Vermont General Assembly to maximize economic efficiencies in regard to state marketing.

- [Vermont Marketing and Promotional Team](#) (PDF 655 KB)

Marketing Experts

A panel of some of the top marketing and public relations experts in our state volunteered their time to help the steering committee consider new approaches to marketing Maine's natural resource industries, products, and services.

- [Summary of marketing discussion](#) (PDF 42KB)
- [Experts' biographies and web sites](#) (PDF 42 KB)

Participants' Ideas

The forum participants broke into small groups to identify the common denominators to stimulate marketing across the sectors.

- [Small group reports](#) (PDF 31 KB)

Cross-sector marketing: links to other sites

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- [Outdoor Alabama!](#)
- [Vermont Heritage Network](#)
- [TAMARACK: The Best of West Virginia](#)
- [Handmade in America](#)

The steering committee is chaired by [Richard Barringer](#), Research Professor, Muskie School of Public Service and [Richard Davies](#), Policy Advisor to the Governor. Looking at how Maine markets its natural resource industries is one of the steering committee's [top priorities](#). For more information, visit the [committee's web site](#).



Maine's Natural Resource-based Industries

Tracking the Results from the 2003 Blaine House Conference

Fall 2005

Volume 2, Number 3

This newsletter is published three times per year by the Governor's Steering Committee on Natural Resource-based Industries to provide information on progress implementing the 75 recommendations from the 2003 Blaine House Conference.

Please circulate it to others that you think would be interested.

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Click on links below for more information

[Featured Indicator:
Number of Overnight
Marketable Tourist Trips](#)

[Voters to consider bonds
to support Maine's natural
resource industries](#)

[A celebration of Maine's
Forest Certification](#)

Growing nature tourism in Maine

The [Governor's Steering Committee on Natural Resource-based Industries](#) held a day-long forum on September 13, 2005 to review efforts on two of the recommendations from the November 2003 Blaine House Conference on Maine's Natural Resource-based Industry:

1. enhancing tourism opportunities in inland Maine; and
2. creating a research and extension program to provide market and product information and technical assistance to Maine's tourism businesses.

In September 2004, the Department of Economic and Community Development retained FERMATA, Inc., a nationally-known tourism development consulting firm, to assess Maine's opportunities in nature-based tourism; one of the fastest growing niches in the travel industry.

Over the past year, FERMATA, Inc. worked with stakeholders in three rural pilot project areas: the Western Mountains, the Highlands, and Downeast to demonstrate how nature tourism development can be planned and implemented across the entire state.

On September 13, 2005, FERMATA presented Governor Baldacci with its [report and recommendations](#) for a nature tourism initiative in Maine. The goal is to provide Maine visitors with accurate and comprehensive information on opportunities to experience the state's world-class natural, historical, and cultural resources.

FERMATA recommendations

FERMATA concluded that Maine's diverse natural, cultural, and historical assets can serve as a unique resource for local economic development, particularly in rural economies.

As demographics change across the country, Maine tourism operators can take advantage of a growing number of people who are looking for the type of experiential tourism that Maine has to offer. FERMATA recommends that Maine develop themed trails connecting our cultural and historical offerings to our natural resources, supported with maps, signs, educational materials, and infrastructure. Combined with efforts to develop a diversity of authentic, locally produced products and high quality lodging and dining amenities geared to the tastes of this new traveler, we have much to gain from the business of nature.

Overview of tourism forum

Governor Baldacci was on hand to receive FERMATA's report. He said,

"While tourism is already Maine's largest industry, the global tourism marketplace is becoming increasingly competitive. In order to maintain our advantage, we must constantly expand and diversify our product offerings for visitors. Tapping into new tourism markets will enable us to use the unique beauty of our landscape to bring new dollars into the state and help Maine's rural communities diversify their local economies. Given the importance of tourism to the Maine economy, I am committed to making the investments necessary to maintain Maine's position as a top destination for travelers around the world."

Mary Jeanne Packer, Chief Operating Officer, FERMATA, Inc., provided a detailed overview of the recommendations.

- o [Executive Summary](#): Strategic Plan for Implementing the Maine Nature Tourism Initiative (PDF, 2.65 MB)

State agencies responded with ideas on how the FERMATA recommendations might be implemented

- o [Preliminary Work Plan](#) for Implementing Maine Nature Tourism Initiative (PDF, 730 KB)

A panel of tourism operators evaluated FERMATA's recommendations based on their own experiences. Panelists included: Dana Bullen, Sunday River Ski Resort, Newry; Suzie Hockmeyer, Northern Outdoors, The Forks; Carolann Ouellette, Moose Point Tavern, Jackman; Matt Polstein, New England Outdoor Center, Millinocket; and Jeff McEvoy, Weatherby's Lodge, Grand Lake Stream.

Editor:

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All agreed that there has been a change in the types of services and accommodations that tourists want. Matt Polstein, owner of the New England Outdoor Center in Millinocket, said, "We have seen a steady transition away from the young, rugged individuals willing to sleep on the ground or in their car to a more compressed market –that of tourists looking for better and better amenities –and they are willing to pay for a quality experience."

Tourism research and outreach

In July 2005, the University of Maine and University of Southern Maine collaborated to create a new center to be a key source for research and educational coordination for Maine tourism. Dr. Harold Daniel, the Director of the Center, provided an overview of CENTRO's goals and projects.

The Center for Tourism Research and Outreach (CENTRO)

- CENTRO [Presentation](#) (PowerPoint, 68.5 KB)

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APPENDIX C – LEGISLATION

- LD 1 An Act to Increase the State Share of Education Costs, Reduce Property Taxes, and Reduce Government Spending at All Levels (PL 2005, c. 2). Provisions include:
- Spending caps on state, county, and municipal budgets
 - Property tax relief programs for qualified homeowners
 - Grants for regionalizing the delivery of local services
 - It sets a goal of reducing Maine’s state and local tax burden to the middle one-third of all states by 2015.
- LD 2 Resolution, Proposing an Amendment to the Constitution of Maine to Limit the Rate of Change in Taxable Value of Homestead Land. Carried Over.
- LD 192 An Act To Establish the Pine Tree Recreation Zone. Provides tax incentives for new recreational lodging. Carried Over
- LD 216 An Act To Make Revisions to the Laws Governing Agriculture (PL 2005, c. 382). Provisions include:
- Directs the Commissioner of Agriculture, Food and Rural Resources to establish an advisory committee to consider expanding the purchase of food that is locally produced.
 - Directs the commissioner to convene a working group to discuss issues relating to food policy and to submit a report with recommendations to the Second Regular Session of the 122nd Legislature.
 - Authorizes the Joint Standing Committee on Agriculture, Conservation and Forestry to submit legislation that session pertaining to food policy and the promotion of locally produced foods.
- LD 998 An Act to Authorize Bond Issues for Ratification by the Voters at the November 2005 Election. (PL 2005, c 462). Provisions include:
- \$4M. for the Marine Infrastructure and Technology Fund administered by the Maine Technology Institute for competitive capital infrastructure grants to nonprofit marine research laboratories, institutions and state governmental and quasi-governmental agencies. Includes funds to purchase the property known as Black Duck Cove on Great Wass Island to serve as the home of the Downeast Institute for Applied Marine Research and Education.
 - \$1M. for the New Century Community Program to invest in capital improvements improving cultural assets, including libraries, museums, historical buildings, theaters and arts facilities.
 - \$1.0 M for the Sustainable Water Source Development Grant Program to assist farmers in the planning and construction of new water sources.
 - \$1.5 M for the Small Harbor Improvement Program that supports the commercial fishing and tourism segments of the natural resource economy by providing a 50% funding for development of a wide variety of coastal public access/infrastructure projects.

- \$12 M for the Land for Maine's Future Program to be used for the acquisition of land and interest in land for conservation, water access, outdoor recreation, wildlife and fish habitat, and farmland preservation. Includes \$2 M for the Maine Working Waterfront Access Pilot Program for working waterfront preservation.

LD 1305 An Act to Encourage Long-term Holding of Maine Timberland and Sustainable Forest Management (PL 2005, c. 416). Provides an income tax deduction to individuals and corporations for the taxable gain on the sale of eligible timberlands held for at least a 10-year period beginning on or after January 1, 2005. The amount of the deduction is increased in 10% increments depending on how many years beyond 10 the eligible timberlands are held prior to their sale. If the timberlands are held for at least 19 years after January 1, 2005, the tax deduction is 100% of the gain on the sale of the eligible timberlands.

Resolve 28 Resolve to Support Long-term Forest Management and Sound Silviculture. Directs the Maine Forest Service to develop recommendations for policies to support long-term forest management and sound silviculture.

Governor's Budget – Part II – (PL 2005, c 457). Provisions include:

- The Center for Tourism Research and Outreach was funded through the University of Maine at \$60,000; the University of Southern Maine at \$43,000; and state government at \$100,000.
- The Maine Community College System received \$50,000 in FY06 and \$100,000 in FY07 for the Tourism Training Initiative.

APPENDIX D – STEERING COMMITTEE MEETING AGENDAS

The Future of Maine's Forestry Economy

March 25, 2005
8:45 a.m. – 3:30 p.m.
Augusta Elks Lodge
397 Civic Center Drive, Augusta

AGENDA

8:45 a.m.	Welcome and Introductions Overview and Objectives of the Day	Richard Barringer and Richard Davies, Co-chairs, Governor's Steering Committee on Natural Resource-based Industries
9:00 a.m.	Overview of Efforts to Strengthen Maine's Forest Products Industry <ul style="list-style-type: none">• The Forests of Maine, 2003• Governor's Council on the Sustainability of the Forest Products Industry• Maine Forest Certification Advisory Committee	Karin Tilberg, Deputy Commissioner, Maine Dept of Conservation, moderator Alec Giffen, Director, Maine Forest Service, Dept of Conservation Peggy Schaffer, Maine Dept of Economic and Community Development Michael Thompson, Vice President, Woodlot Alternatives, Inc.
10:00 a.m.	Break	
10:15 a.m.	Maine's Future Forest Economy Project <ul style="list-style-type: none">• Introduction and Background• Findings & Recommendations• Charge to the Participants	Commissioner Patrick McGowan, Maine Dept of Conservation Eric Kingsley, Vice President, Innovative Natural Resource Solutions, Inc. Alec Giffen, Director, Maine Forest Service, Dept of Conservation
12:15 p.m.	Lunch and Small Group Discussion of MFFE <i>A buffet sandwich lunch will be served.</i>	
1:30 p.m.	Maine Climate Change Plan	Commissioner Dawn Gallagher, Maine Dept of Environmental Protection (invited)
2:00 p.m.	Summary of MFFE Small Group Discussions	Peter Triandafilou, Natural Resources Vice President, Huber Resources Corporation (Facilitated)
2:15 p.m.	Questions and Discussion of MFFE Project	
3:15 p.m.	Next Steps and Public Road Tour	Alec Giffen, Director, Maine Forest Service
3:30 p.m.	Wrap-up and Adjourn	Dick Barringer, Co-chair, Governor's Steering Committee on Natural Resource-based Industries

Marketing Maine: Where Do We Go From Here?

June 13, 2005
10:30 a.m. – 4:00 p.m.
Maine State Grange Headquarters
146 State Street Augusta

Goal of the meeting: To identify the next level of marketing for Maine's natural resource-based industry, products, and services; the challenges and obstacles to achieving this next level; and the critical tasks and next steps to be addressed.

AGENDA

10:30 WELCOME AND INTRODUCTIONS

Richard Barringer, Research Professor, Muskie School of Public Service, USM
Richard Davies, Governor's Policy Advisor, Office of the Governor

10:45 KEYNOTE SPEAKER

Michelle Wass, Marketing Coordinator, Vermont Department of Tourism and Marketing

*How has Vermont addressed nature-based tourism and marketing of natural resource-based businesses, services, and products?
How has marketing been accomplished across sectors? What is Vermont's approach? What has succeeded and what has not?*

11:15 FACILITATED CONVERSATION: *What Is the Next Level?*

Panelists: Meredith Strang Burgess, President, Burgess Advertising & Associates, Inc. Portland
Dick Dyer, Senior Counsel and Founder, Dyer Associates, Winthrop
Jonathan Hutter, Vice President, Garrand & Company, Inc., Portland
Mary Jeanne Packer, Chief Operating Officer, FERMATA, Inc., Austin, Texas
David Swardlick, President, Swardlick Marketing Group, Portland

Facilitator: Jack D. Kartez, Ph.D., Professor and Interim Chair, Community Planning & Development Program, Muskie School of Public Service, USM

12:30 LUNCH - Governor John E. Baldacci, guest

1:30 FACILITATED CONVERSATION: *What Are the Critical Challenges/Opportunities Ahead?*

Facilitator: Jack Kartez

2:30 BREAKOUT GROUPS: *What Are the Critical Tasks and Next Steps?*

3:15 REPORT BACK: *What Are the 2-3 Critical Tasks Identified by Each Group?*

3:30 PANEL OBSERVATIONS AND NEXT STEPS: *Where Do We Go From Here?*

4:00 CLOSING REMARKS AND ADJOURN

Growing Rural Economies through Nature-based Tourism

September 13, 2005

Location: Room 228, Appropriations Committee Hearing Room, State Capitol Augusta

10:00 a.m. – 3:30 p.m.

Agenda

10:00 Press Conference with Governor Baldacci

11:00 Break (15 min)

11:15 Opening of Steering Committee Meeting

Welcome and Introductions – Dick Barringer, Dick Davies (15 min)

Purpose of steering committee; growing tourism is one of the recommendations from the Blaine House conference and a priority for the steering committee. Introduce committee members. Overview of the agenda and purpose for today's meeting.

11:30 FERMATA Project – Mary Jeanne Packer (1 hour)

A comprehensive presentation of FERMATA's recommendations for growing nature-based tourism in Maine.

12:30 p.m. Lunch (30 min)

1:00 Centro – Dr. Harold Daniel, University of Maine (30 min)

Overview of CENTRO; its purpose, status, and future desired direction.

1:30 Response to Recommendations (45 min)

Moderator: Jeff Sosnaud, ME Dept of Economic and Community Development
Karin Tilberg, ME Department of Conservation
Marc Michaud, ME Department of Inland Fisheries and Wildlife
Dann Lewis, ME Office of Tourism
Kathy Fuller, ME Department of Transportation (invited)
Mary Jeanne Packer, FERMATA

2:15 Industry Panel (45 min)

Moderator: Jeff Rowe, CraggyRock Communications, ME Office of Tourism
Dana Bullen, Sunday River Ski Resort, Newry
Suzie Hockmeyer, Northern Outdoors, The Forks
Jeff McEvoy, Weatherby's Lodge, Grand Lake Stream
Carolann Ouellette, Moose Point Tavern, Jackman
Matt Polstein, New England Outdoor Center, Millinocket

3:00 Closing Remarks and Next Steps (30 min)

- Schedule and overview of regional meetings
- Action by Steering Committee, if any

3:30 Adjourn

APPENDIX E – STEERING COMMITTEE RECOMMENDATIONS TO GOVERNOR BALDACCI

April 8, 2005

Hon. Governor John E. Baldacci
1 State House Station
Augusta ME 04333

Dear Governor Baldacci,

The Governor's Steering Committee on Natural Resource-based Industries held a day-long forum on March 25 to hear the report and recommendations from the Maine Future Forestry Economy (MFFE) Project, the most comprehensive, in-depth analysis of the Maine forest products sector ever undertaken. Steering committee members were joined by over 50 representatives from the forest products industry and trade and environmental organizations.

The MFFE Project, undertaken by the Maine Department of Conservation with support from the Maine Technology Institute, is a response to the November 2003 Blaine House Conference on Maine's Natural Resource-based Industries. It was conducted by Innovative Natural Resource Solutions, LLC (INRS) of Portland ME, with assistance from a 12-member advisory committee and a variety of industry experts. The resulting report offers 19 recommendations and a roadmap for both the forest industry and state government going forward.

Maine forest products manufacturers face very real challenges today. The past five years have seen a number of forest products manufacturing facilities close, from paper mills to dowel manufacturers. During this same time period, new forest products have come to Maine and existing facilities have added capacity and product lines. The MFFE report tells us that more changes can be anticipated in the future –some of the challenges, some of them opportunities.

Specifically, Maine paper mills that manufacture coated groundwood, coated freesheet, and supercalendared paper appear to be cost competitive compared to US, Canadian, Asian, and European mills. Mills that manufacture uncoated freesheet and directory paper currently do not have the same cost competitive advantages. For the solid wood industry, there will be stiff national and international competition for furniture and oriented strand board. Bioproducts and wood for a continuously growing housing market present tremendous growth opportunities.

To improve Maine's investment climate and to position ourselves for the future in this industry, the MFFE report recommends the elimination of the personal property tax on business equipment. We understand that this is a key recommendation coming out of the Governor's Council on the Sustainability of the Forest Products Industry, as well. It was also one of the top recommendations coming out of the Blaine House conference to help not only the forest products sector but all of the state's natural resource-based businesses. We ask that you to introduce legislation to eliminate this tax.

This summer, the Department of Conservation will present the findings and recommendations from the Future Forestry Economy Project at locations across Maine. The goals are to help industry representatives understand the market trends and solicit input on the recommendations. The Steering Committee will be a sponsor of the Department's "road show." We likewise support the work of the Governor's Council on the Sustainability of the Forest Products Industry.

Following the public process on the Maine Future Forestry Economy Project, the Department will be in a position to offer recommendations for possible legislation for next year. We look forward to working with them on moving the recommendations from both the Future Forestry Economy Project and the Council on the Sustainability of the Forest Products Industry forward as much as possible.

We enclose a copy of the executive summary of the MFFE report for your interest. The Steering Committee's next public forum, in June, will address another important policy issue facing Maine's natural resource-based industries.

Governor, we thank you for your unfailing support of Maine's natural resource-based businesses as we continue to guide the implementations for the recommendations from the 2003 Blaine House Conference. Together, we can achieve our goals of strengthening this industry.

Sincerely

Richard Barringer

Richard Barringer
Co-chair

Richard Davies

Richard Davies
Co-chair

cc: members, Steering Committee on Maine Natural Resource-based Industries

June 21, 2005

Hon. Governor John E. Baldacci
1 State House Station
Augusta ME 04333

Dear Governor Baldacci,

On behalf of the Governor's Steering Committee on Maine's Natural Resource-based Industry, we are pleased to forward our preliminary recommendation for strengthening marketing efforts for the state's aquaculture, fishing, farming, forestry, and tourism and outdoor recreation businesses.

On Monday, June 13, the Steering Committee held a day-long forum in Augusta, to explore ways that individual sectors might better collaborate on their marketing efforts; and, in particular, the question of "how might Maine move its marketing efforts to the next level?" Fifty participants from the Steering Committee, private business, state and national marketing firms, and the several marketing programs of state government convened to hear what the experts have to offer, and to discuss whether and how Maine might move forward in this regard. Some key questions that arose include:

- Is there synergy to be gained from marketing a broad portfolio of Maine products and services under a single Maine image or brand?
- We already market Maine's image in a variety of consistent ways; how might we better coordinate? For example, might the successful "Made in Maine" program market fisheries, wood products, or recreational services?
- What role might Maine's nationally-known companies play in our moving forward, as they are an integral part of marketing Maine's image and spend far more than does the state on marketing Maine.
- What additional research might answer these questions?

There was strong consensus among those present that we could, indeed, improve upon what we are now doing – that Maine would benefit greatly from more collaboration, cross-selling and, quite possibly, sharing a common Maine brand or image that is at once flexible enough to embrace individual sector efforts, and strong enough to generate synergies of efficiency and effectiveness for all.

The Steering Committee proposes to assemble over the summer a small working group to frame a strategy and time line to address these questions, and to present a proposal to you at a planned meeting in late September.

Once again, we thank you for the leadership and support you have lent this effort over the past two years. We especially appreciate your stopping by Monday's meeting at the Maine State Grange Headquarters, on so sultry a June day with the Legislature so close to adjournment.

Sincerely,

Richard Davies

Richard Davies
Senior Policy Advisor
Governor's Office
Co-chair

Richard Barringer

Richard Barringer
Research Professor
Muskie School for Public Service, USM
Co-chair

September 26, 2005

Dear Governor Baldacci,

We are pleased to forward our recommendations, on behalf of the Governor's Steering Committee on Maine's Natural Resource-based Industries, regarding the recently-released report on nature tourism in Maine.

We endorse the recommendations contained in the FERMATA report. In particular we support the recommendation for a task force to help promote the growth of nature tourism and to guide a coordinated implementation of the priority recommendations for developing nature tourism in the state of Maine in general and in the three pilot regions.

We envision that the task force would work closely with the Governor's Steering Committee on Maine's Natural Resource Industries in mutual support of the Blaine House Conference recommendations.

Because a significant public education and persuasion effort will be needed to implement the recommendations, we suggest that a number of distinguished private and 3rd sector people would give leverage and visibility to the effort. A wide geographic distribution and private sector representation will help build support for the eventual statewide effort.

Finally, with regards to the new Center for Tourism Research and Outreach, we are excited about their support of your natural resource industries initiatives, particularly their willingness to help refine our tourism indicators that are a part of *Maine's Natural Resource-based Industry Indicators of Health* report, scheduled to be updated in the next year.

Once again, we thank you for the leadership and support you have lent this effort over the past two years. We look forward to working with you on growing Maine's nature tourism and sustaining all of Maine's natural resource-based industries.

Sincerely,

Richard Davies

Richard Davies
Senior Policy Advisor
Governor's Office
Co-chair

Richard Barringer

Richard Barringer
Research Professor
Muskie School for Public Service, USM
Co-chair

cc: Members, Steering Committee

October 11, 2005

Governor John E. Baldacci
1 State House Station
Augusta ME 04333

Dear Governor Baldacci,

We write to point out an oversight in our letter of September 26, 2005, summarizing the Governor's Steering Committee on Maine's Natural Resource-based Industries meeting. In that letter we spoke of the Steering Committee's general support of the recommendations by FERMATA, Inc., to grow nature tourism in Maine.

Among its recommendations, FERMATA suggests evaluating the feasibility of a "national heritage area" designation for the *The Maine Woods*. A national heritage area is a federal designation, after appropriate study by the National Park Service, that recognizes natural, cultural, historical, and recreational resources that, together, represent distinctive aspects of America's heritage. It is, in effect, a "branding" of a region's outstanding heritage assets, one that has proven to attract tourists to the designated region.

Steering Committee members acknowledge that many forest landowners would be wary of a discussion about a national heritage area designation for their lands. The Steering Committee recognizes that FERMATA does not recommend a National Park for northern Maine, but only consideration of a feasibility study for national heritage area designation. Nevertheless, the issue has the potential to generate conflict at a time when we seek collaboration and cooperation on a variety of fronts.

Everyone, including our forest landowners, is committed to the sustainable development of our tourism industry and economy. In this regard, we need to pursue tangible ways to enhance and brand the Maine tourism experience. However, we wanted to make you aware of this specific concern regarding the national designation issue.

Sincerely

Richard Davies
Richard Barringer
Co-Chair

Richard Barringer
Richard Davies
Co-Chair